



AQARAT
عقارات

Annual Report 2024



شركة عقارات الكويت ش.م.ك.ع
Kuwait Real Estate Company K.P.S.C.

Established in 1972
Authorized Capital KD 100,420,696.200 K.D

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H.H. Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah
AMIR OF KUWAIT



H.H. Sabah Al-Khaled Al-Hamad Al-Sabah
CROWN PRINCE OF KUWAIT

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Al Tay Hills
Sharjah - UAE

About Us

Kuwait Real Estate Company (AQARAT) is a leading integrated Real Estate developer, operator and investor. AQARAT'S portfolios consists of notable projects in the premium residential, integrated corporate housing, commercial and hospitality sectors.

AQARAT has significant presence in the Middle East, Europe, and America.

As pioneers in developing mixed-use assets, integrated communities and luxurious hospitality assets, we continue to grow while leaving an enduring legacy of excellence in every project we build.



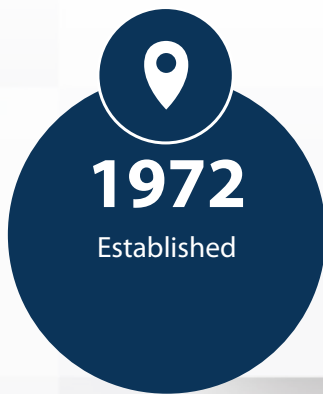
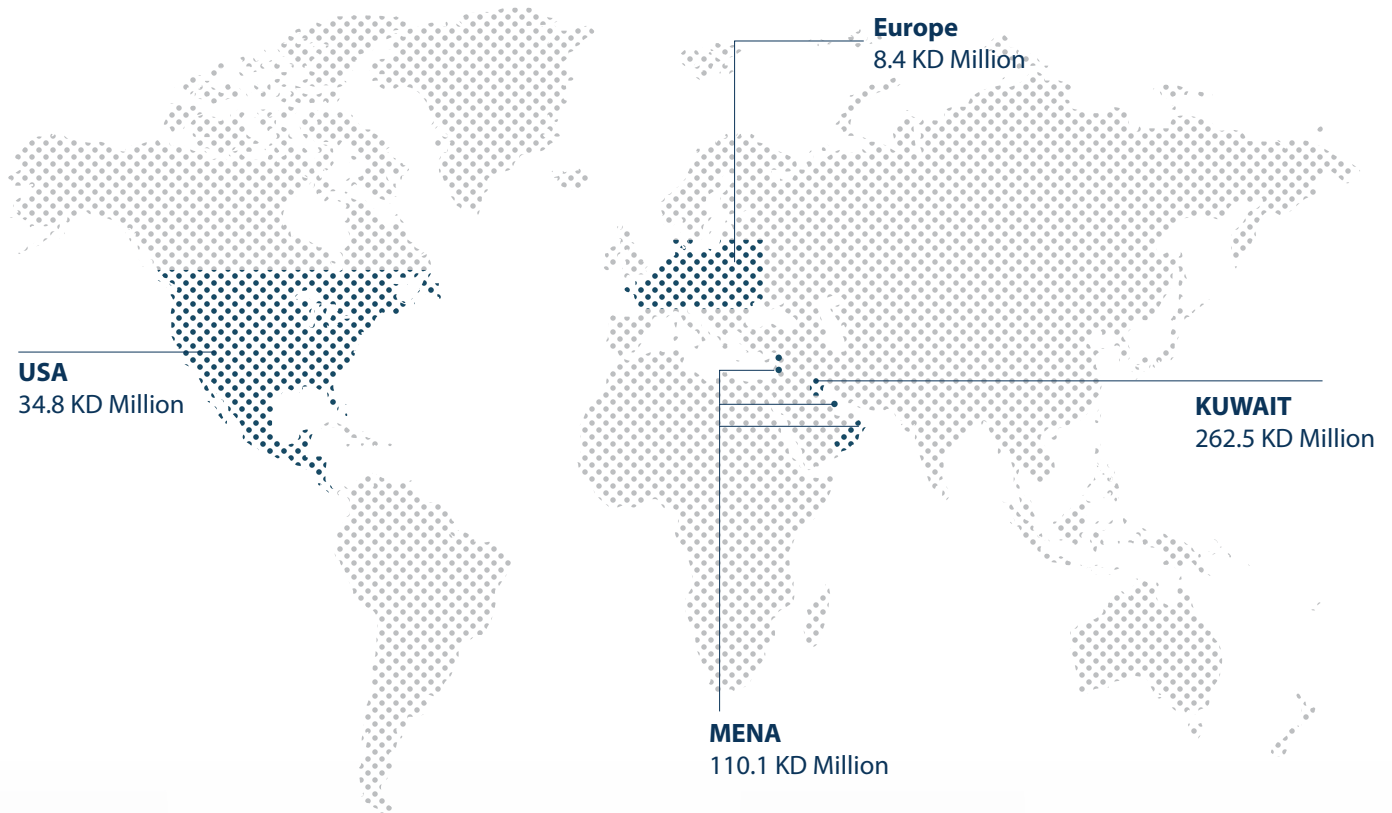
DOMUS
Dubai - UAE

2024 Highlights

Rental Income	(KD Million) 33.4 FY'23 28.7	+ 17%
Net Profit	(KD Million) 13.4 FY'23 11.3	+ 19%
Earning Per Share	(KD Fils) 13.84 FY'23 11.58	+ 19.5%
Total Assets	(KD Million) 460.9 FY'23 393.4	+ 17%
Total Shareholders Equity	(KD Million) 179 FY'23 146.1	+ 22%

Presence and Snapshot

ASSETS VALUE



Board Members



Ibrahim Saleh Al Therban
Chairman



Talal Jassim Al Bahar
Vice Chairman and CEO



Marzouq Jassim Al Bahar
Board Member



Ahmad Faisal Al Qatami
Board Member



Mishari Abdullah Al Dakhil
Board Member



Naser Abdullatif Al-Manea
Board Member



Mohammad Issam Al Bahar
Board Member



Khaled Saeed Esbaita
Board Member

Executive Management



Talal Jassim Al Bahar
Vice Chairman and CEO



Fahad Husam Al-Shamlan
Vice President
Investments & Acquisitions



Saad Nasser Al Muneefi
Vice President
Asset Management &
Investor Relations



Naser Mohammed Al-Bader
Vice President
Facilities Management



Maher S. Khalaf
Vice President
Finance



Bader Jassim Al Hajeri
Vice President
Property Management



**AbdulAziz AbdulRazzaq
Al-Meajel**
Vice President
Real Estate Development



Naji S. Abou Malek
Vice President
IT Department



Mohammed Nouri Al-Hamad
Vice President
Human Resources and
Administration

Chairman and Vice Chairman's Message



Al Tay Hills
Sharjah - UAE

Dear shareholders,

It is with great pride and gratitude that we present our Annual Report for 2024, a reflection of the milestones achieved, challenges navigated, and opportunities seized over the past year. This report represents more than just financial outcomes; it encapsulates the dedication, resilience, and innovation that define our organization and our people.

2024 has been a transformative period for Kuwait Real Estate Company (AQARAT). Despite the geopolitical challenges, market volatility, and global uncertainties, we remained steadfast in our mission to deliver sustainable, long-term value to our investors through strategic asset growth, optimized profitability, and the pursuit of high-impact, value-driven opportunities. By staying aligned with our core values, embracing innovation, and fostering collaboration, we have not only delivered strong results but also positioned ourselves for sustainable growth in the years to come.

Our financial performance highlights our revenue growth, profitability and operational efficiency, reflecting our ability to adapt and thrive in a dynamic environment. Beyond the numbers, we have also made significant progress in advancing our sustainability initiatives, digital transformation, community engagement, ensuring that we create value for all stakeholders while contributing positively to the community.



Financial Performance

The positive momentum built by AQARAT in recent years has continued, with the company making significant progress toward completing its projects locally and internationally while expanding our asset base year after year.

The company achieved net profits of KD13.4 million, with earnings per share reaching 13.84 fils per share, compared to KD11.3 million (11.58 fils per share) in 2023, reflecting an increase of 18.85%.

Rental income increased to KD33.4 million in 2024, compared to KD28.7 million 2023.

The company's assets grew to reach KD460.9 million, compared to KD393.4 million the previous year.

Operations Performance

In 2024, we're thrilled to embark on new and ambitious projects on a larger scale, marking a significant step forward in our growth journey.

By executing our well-defined business plan, we are confidently progressing in the right direction, ensuring sustainable success and value creation.

This expansion reflects our commitment to innovation, excellence, and strategic vision. As we take on these exciting opportunities, we remain focused on delivering outstanding results and strengthening our position in the market.

Kuwait

Arabella Beach Hotel – Vignette Collection

In 2024, AQARAT relaunched the Arabella Complex, a landmark mixed-use destination in Al-Bidaa. At its core is the five-star Arabella Beach Hotel, part of the Vignette Collection and managed by United Hospitality. With 195 rooms, a rooftop pool, private beach, and panoramic Gulf views, the hotel has quickly become a standout luxury destination.

Labor Housing Project

Construction also progressed on the Labor Housing Project in Subhan, delivered under a 20-year BOT agreement with the Ministry of Finance. Spanning 40,000 sqm, the development will provide modern, integrated housing for the industrial workforce. Completion is targeted for Q1 2026.

Active Holding Company (Health and Fitness Sector)

AQARAT's wellness subsidiary, Active Holding Company, expanded its "NOW" fitness brand with a new 3,000 sqm sports complex in Riggae. The center includes men's and women's facilities and the first "NOW Junior" for children. Two additional studios were launched at Arabella, strengthening the group's presence in the health sector.

AL TAY HILLS
Sharjah - UAE

“One of the company’s most ambitious projects in the UAE, it redefines the concept of sustainable living. The project is valued at AED 3.5 billion and spans over 6 million square feet”



UNITED ARAB EMIRATES

Al-Tay Hills

Al-Tay Hills in Sharjah is AQARAT's most ambitious UAE project, redefining sustainable living. With AED 3.5 billion value and spanning over six million sq. ft., the master planned community includes 1,100 villas and townhouses, a 2.5 km green river, parks, trails, and retail. Phased handovers begin Q1 2028, blending modern living with Emirati heritage.

Domus and AIM Residential Fund

AQARAT's Domus residential portfolio in Dubai sustained strong performance in 2024. Domus (1) through (4) maintained full occupancy, and Domus (5) is on track for Q4 2025 completion. To scale this success, AQARAT invested AED 100 million in the AIM Residential Fund, reinforcing its leadership in high-quality staff housing for Dubai's hospitality sector.

UNITED STATES

501 First Residences

In Miami, 501 First Residences, a 40-story tower with 448 smart-enabled units, reached 83% completion by December 2024. With only 21 units remaining, the project is on course to set a new standard for downtown living upon its late-2025 launch.

Yotel New York

YOTEL New York continued to lead AQARAT's global hospitality portfolio, closing December with 97.5% occupancy and delivering 12.9% revenue growth. Strong guest ratings and efficient yield management underpin its outperformance in Manhattan's competitive market.

Yotel Miami

YOTEL Miami remained resilient, maintaining steady occupancy and profitability despite market pressures. Diversified income sources and operational efficiencies protected margins, while 2025 efforts will focus on premium guest targeting and dynamic pricing.

INVESTMENT PLATFORM

Beacon Ridge Capital Management (BRCM) made significant strides in 2024, expanding its investor base across the GCC, Latin America, Europe, and Asia. The firm enhanced liquidity via refinancing and exited select non-core assets, helping its funds outperform industry benchmarks.

In 2025, BRCM will focus on growth in the Southeastern U.S., driven by favorable macro trends. With a disciplined investment strategy, a refined pipeline, and an expanding global network, BRCM is well-positioned to deliver sustainable value and long-term returns.

As we move forward, our focus remains unwavering: delivering long-term value to you, our shareholders and stakeholders, while continuing to innovate, lead, and inspire. We remain committed to upholding the highest standards of governance, ethical practices, and corporate responsibility, ensuring that AQARAT remains a trusted and resilient organization.

Thank you for your continued confidence and support. Together, we look ahead with optimism and determination to achieve even greater success in the future.

Sincerely,

Ibrahim S. Al Therban
Chairman

Talal Jassim Al-Bahar
Vice Chairman & CEO

Sustainability & CSR

Pearl Marzouq
Kuwait



As we reflect on 2024, we're proud of the strides AQARAT has made in reinforcing our commitment to ESG principles across all facets of our operations. We advanced sustainable practices throughout our real estate portfolio, prioritizing energy-efficient building designs and implementing smart water and waste management systems in key developments. Our social initiatives expanded meaningfully this year, with a strong focus on affordable housing, inclusive urban planning, and employee wellbeing through training and engagement.

As a first step toward promoting sustainability, Kuwait Real Estate Company has established a dedicated Sustainability Committee that reports directly to the Board of Directors. Its key responsibilities include reviewing the Company's strategies, performance, activities, and main policies related to sustainability and providing recommendations to the Board. Additionally, the Committee offers advice to the Board and executive management on strategies that enhance the Company's role and reputation among stakeholders. Finally, it monitors sustainability updates and requirements and assesses their impact on the Company.

We also took active steps to give back to the community. Aqarat made charitable contributions to Bayt Abdullah Children's Hospice and INJAZ Kuwait—an organization focused on preparing youth for future success through education in entrepreneurship and financial literacy. During the holy month of Ramadan, we brought our team together for a celebratory gathering and participated in an Iftar campaign to support those fasting. In partnership with Al-Salam Hospital and the Kuwait Heart Foundation, we hosted free medical screenings at Souq Al-Kuwait, promoting public health and wellness awareness. Our employees also joined a beach cleanup campaign at Shuwaikh Beach in collaboration with the Environmental Authority, reinforcing our environmental stewardship.

On the governance front, we enhanced transparency through improved ESG reporting and adopted stronger internal compliance measures. These collective efforts reflect our enduring belief that sustainable growth must be rooted in ethical governance, community development, and environmental responsibility—values that continue to guide AQARAT forward as a responsible leader in the regional property market.

“ We advanced sustainable practices throughout our real estate portfolio, prioritizing energy-efficient building designs ”

Key Properties



501 Residence
Miami - USA



Arabella Beach Hotel
Kuwait



Domus Staff Housing
Dubai - UAE



Al Tay Hills
Sharjah - UAE



Th8 Hotel
Dubai - UAE



Yotel Hotel
New York - USA

Key Properties



Atlantic Station Flats
Georgia - USA



Pearl Marzouq
Kuwait



Yotel Hotel
Miami - USA



Al Durrar
Kuwait



Souq Al Kuwait
Kuwait



Courtyard by Marriot
Hamburg - Germany

Corporate Governance Report

Yotel Hotel
Miami - USA



CORPORATE GOVERNANCE REPORT

We present to you the annual Corporate Governance Report of Kuwait Real Estate Company, which includes the company's adoption of the governance rules issued by the Capital Markets Authority – State of Kuwait.

The Board of Directors of Kuwait Real Estate Company (the "Company") aims, through its resolutions and ongoing activities, to protect the interests of shareholders, clients, and all stakeholders. The Board is committed to establishing the highest standards and best practices in the field of sound corporate governance, and oversees the implementation of internal control systems in accordance with best practices.

The Board also strives to promote trust in the company's management of its various resources by preserving, developing, and prudently managing them. The Board works to protect related parties, ensure compliance with the company's approved policies and procedures in this regard, and undertakes its duties in overseeing these processes while ensuring full disclosure to shareholders with transparency and clarity.

Governance is the system through which the company's business is directed, managed, and monitored at the highest level, enhancing its ability to achieve long-term strategic objectives by adhering to company policies, procedures, and compliance with legal and regulatory requirements.

The Board believes that having an appropriate governance system is of utmost importance and enhances the integrity of the company's operations and investor confidence. Accordingly, the Board continuously seeks to improve the effectiveness and performance of the governance system by monitoring the performance of its committees.

Throughout the year ending December 31, 2024, the company has worked to comply with the corporate governance regulations and systems issued by the Capital Markets Authority – State of Kuwait. The company's philosophy is to achieve the highest levels of responsibility, transparency, and integrity in conducting its business and operations, with a focus on adhering to all relevant rules and regulations in its field.

The company has adopted a set of policies and best practices to enhance transparency and the timely and accurate disclosure of information related to its financial data, operational performance, management, and approved governance system.

CORPORATE GOVERNANCE REPORT

FIRST RULE: BUILDING A BALANCED STRUCTURE OF THE BOARD OF DIRECTORS

- **About the formation of the Board of Directors**

The Board of Directors of Kuwait Real Estate Company consists of 8 members as follows:

Name	Member Classification (Executive/Non-Executive/ Independent. Secretary)	Academic Degree & Work Experience	Date of Election/ Appointment of Secretary
Ibrahim Saleh Al-Therban	Chairman of the Board (Non-Executive Member)	Bachelor of Commerce Accounting Experience in banking, investment, real estate and financials institutions	June 1,2024
Talal Jassim Al-Bahar	Vice Chairman & CEO (Executive Member)	Bachelor of Business Administration Experience in the field of investment and real estate development	June 1,2024
Marzouq Jassim Al-Bahar	Member of the Board (Non-Executive Member)	Bachelor of Business Administration Experience in marketing, development and business management	June 1,2024
Ahmad Faisal Al-Qatami	Independent member	Bachelor of Business Administration Experience in finance and banking	June 1,2024
Meshari Abdullah Al Dakhil	Independent member	Bachelor of Business Administration Experience in finance, investment, and business management	June 1,2024
Naser Abdullatif Al-Manea	Member of the Board (Non-Executive Member)	Bachelor of Finance and Financial Institutions Experience in finance, investment, and business management	June 1,2024
Mohammad Issam Al-Bahar	Member of the Board (Non-Executive Member)	Bachelor of Business Administration Experience in management and development	June 1,2024
Khaled Saeed Esbaita	Member of the Board (Non-Executive Member)	Bachelor of Architecture and Engineering Experience in the real estate sector	June 1,2024
Amal Mohammad Al Ashab	Board Secretary	Bachelor of Administrative Sciences- majoring in finance and banking sciences Experience in secretarial works with the executive management	June 1,2024

CORPORATE GOVERNANCE REPORT

• Board of Directors' meetings in 2024

The Board of Directors of Kuwait Real Estate Company held six (6) meetings in 2024. The below table shows the details of such meetings and the number of meetings attended by each Board Member

Name of member	Meeting No. 01/2024 held on 30.03.2024	Meeting No. 02/2024 held on 15.05.2024	Meeting No. 03/2024 held on 02.06.2024	Meeting No. 04/2024 held on 14.08.2024	Meeting No. 05/2024 held on 05.11.2024	Meeting No. 06/2024 held on 30.12.2024
Ibrahim Saleh Al-Therban Chairman	✓	✓	✓	✓	✓	✓
Talal Jassim Al-Bahar	✓	✓	✓	✓	✓	✓
Marzouk Jassim Al-Bahar	✓	✓	✓	✓	✓	✓
Ahmed Faisal Al-Qatami	✓	✓	✓	✓	✓	✓
Meshari Abdullah Al Dakhil	✓	✓	✓	✓	✓	✓
Mohammad Issam Al Bahar	✓	✓	✓	✓	✓	✓
Khaled Saeed Esbaita	✓	✓	✓	✓	✓	✓
Naser Abdullatif Al-Manea			✓	✓	✓	✓
Amal Mohammad Al Ashab	✓	✓	✓	✓	✓	✓

• Mechanism for the board meetings registration, coordination and requirements keeping minutes of the company's Board of Directors meetings.

- The Board Secretary prepares a dedicated register that includes the minutes of the company's Board of Directors meetings, as well as separate records for the minutes of meetings held by the board's subcommittees. Each register contains information about the agenda of each meeting, its date, location, and the start and end times. Each meeting is also documented with a sequential number for the year. In addition, special files are maintained to store the minutes of meetings and the discussions and deliberations that take place within them.
- Board and committee members are provided with the agenda, along with the relevant supporting documents, well in advance to allow sufficient time for review and study of all agenda items. The minutes of the meeting are signed by all attendees, and for meetings held via circulation, the minutes are signed by the members..
- The Secretary is responsible for ensuring effective coordination and the distribution of information among board members and other stakeholders, in accordance with regulatory authorities.

CORPORATE GOVERNANCE REPORT

- **Independent member's declaration of fulfillment of independence requirements**

The independent members had each signed a declaration that they fulfilled the independence conditions stated in article 2.3 of the second chapter of the First Rule: Building up a balanced structure of the Board of Directors of the fifteenth volume (corporate governance) of the executive bylaws of law no. 7 of 2010 for establishment of the capital markets authority and regulation of securities business as amended and that they have necessary technical experiences and qualifications as compatible with the Company business.

Declarations of independent members regarding the availability of independence controls as below indicated:



وزارة التجارة والصناعة
Ministry of COMMERCE and Industry



إقرار عضو مجلس الإدارة المسئول

أقر أنا الموقع أدناه محمد بن عبد الله بن محمد ، بطاقة مدينية (أو جواز سفر غير المقيم) رقم 1234567890 ، والمرشح كعضو مجلس إدارة مسئول لدى شركة شركة التجارة الدولية ، بأنه يتوافق لدى الشروط التالية :

- أني أتعلم بالإنستاقالية على النحو الوارد في المادة (3-2) من الفصل الثالث من الكتاليل الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية لقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتظيم نشاط الأوراق المالية وتعديلاتها.
- أني يتوافق لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الاسم : محمد بن عبد الله بن محمد

التوقيع : محمد بن عبد الله بن محمد

الاسم : أحمد بن محمد بن عبد الله

التوقيع : أحمد بن محمد بن عبد الله

التوقيع :

CORPORATE GOVERNANCE REPORT

SECOND RULE: PROPER STATEMENT OF TASKS AND RESPONSIBILITIES

The corporate mechanism for creation of the policy of tasks, responsibilities and duties of the members of the Board of Directors and the Executive Management as well as the Executive Management's powers and authorities.

• Policy of the Board of Directors

The Board of Directors holds overall responsibility for Kuwait Real Estate Company, including setting strategic objectives, managing risks, establishing governance standards, overseeing executive management, and safeguarding the interests of shareholders, creditors, employees, and all stakeholders. The Board also ensures that the company is managed prudently and in accordance with applicable laws, regulatory directives, the company's Articles of Association, and its internal regulations and policies.

The Board's tasks and responsibilities include:

- 1) Approve the Company's significant goals, strategies, plans and policies including the following as minimum:
 - Reviewing the Company's overall strategy, main business plans, and direction thereof.
 - The Company's optimal capital structure and financial objectives.
 - A clear policy for distribution of profits of various types (cash/ in-kind) in the best interest of the Company and its shareholders.
 - Performance goals and oversight of the Company's overall performance.
 - The Company's organizational and functional structures and periodical review thereof.
- 2) Approve the annual budgets, the interim, and annual financial statements.
- 3) Supervise the Company's main capital expenses and acquisition and disposal of assets.
- 4) Ensure the Company compliance with such policies and procedures that provide for its observation of its applicable internal regulations and rules.
- 5) Verify the accuracy and integrity of the data and information to be disclosed in accordance with the applicable disclosure and transparency policies and systems.
- 6) Establish effective communication channels that provide for the shareholders' ongoing and regular access to the Company's different activities and any fundamental developments.
- 7) Establish the Company's own governance system subject to non-conflict with these rules and provide for general supervision thereof as well as its efficiency and amendment, when necessary.
- 8) Follow up the performance of each member of the Board of Directors and the executive management in accordance with the objective performance indicators.
- 9) Prepare an annual report for the annual general assembly including the requirements and procedures of finalization of corporate governance and compliance therewith. Such report shall be included in the annual report of the Company activities together with statement of the observed rules and the unobserved rules and the reasons for non-compliance.
- 10) Form specialized committees according to the charter showing each committee term, powers and responsibilities and the Board oversight thereon. The formation decision shall include its members' names, tasks, rights and duties as well as appraisal of the performance and actions of such committees and their main members

CORPORATE GOVERNANCE REPORT

- 11) Ensure that the Company's approved policies and regulations are transparent and clear to facilitate decision making to achieve good governance rules, separate the powers, and authorities of the Board of Directors and the Executive Management. In this field, the board shall:
 - Approve the internal regulations and systems related to the Company's business and development and the relevant statement of tasks, powers, duties and responsibilities of different organizational levels
 - Approve the policy of delegation and execution of works assigned to the executive management
- 12) State the powers delegated to the executive management, decision making procedures and delegation term. The Board shall also state the issues in respect of which it shall retain the power of decision. The executive management presents periodical reports on its exercise of the delegated powers.
- 13) Control and supervise the performance of executive management members and verify the performance of all tasks delegated to them. The Board of Directors shall:
 - Ensure that the executive management acts according to the policies and regulations approved by the Board of Directors.
 - Hold periodical meetings with the Executive Management to discuss the business progress and obstacles and problems as well as to explore and discuss significant information on the company's business
 - Set performance standards for the Executive Management as compatible with the company's goals and strategy.
- 14) State the remuneration categories to be offered to employees such as fixed remuneration category, long term performance, risk-related category, and stock remuneration category.
- 15) Appoint or terminate any of the executive management members including the chief executive officer or the like
- 16) Set the policy regulating relations with the stakeholders for maintenance of their rights
- 17) Set the mechanism regulating dealings with related parties to reduce conflict of interest
- 18) Periodically verify the efficiency and adequacy of the internal control systems in place of the company and its subsidiaries including:
 - Verify the integrity of financial and accounting systems including those related to financial reporting
 - Verify the application of appropriate control systems for risk assessment and management through statement of the scope of the Company's potential risks and creation of a companywide environment conversant with risk mitigation culture and transparent thereof with the stakeholders and related parties.
- 19) Create a plan/ policy for including sustainability factors into the Company's overall strategy and the main business plans and the risk assessment and management process, if necessary

• Executive management policies and procedures

The Company has in place policies and procedures regulating the work of all departments of the Company detailing all tasks of each department in accordance with the strategic objectives set by the board and the Company's internal regulations. Furthermore, such policies clarify all the necessary duties of the Executive Management in light of the responsibilities assigned by the Board of Directors.

The Executive Management seeks to implement the strategies, plans and policies approved by the Board.

CORPORATE GOVERNANCE REPORT

• Board of Directors' Achievements during the year

The board of directors was keen to follow up implementation of its strategic plans and objectives and have ongoing communication with the executive management for achievement of such strategies. It had also paid great attention to all governance requirements not only to implement the required measures but also to make such standards the business style and strategy in the Company. Over the last year, the Board made several significant achievements in such fields notably as follows:

- 1) Approval of the Annual Corporate Governance Reports – remunerations of the executive management- the social responsibility of Kuwait Real Estate Company as well as the reports received from the Board committees.
- 2) Review and approval of the estimated budget of the Company's financial results.
- 3) Approval of the Company's interim and annual financial statements.
- 4) Approval of the supplementary policies and procedures of the governance rules and control compliance
- 5) Approval of re-appointment of the external auditor M/S Grant Thornton- Al-Qatami, Al-Aiban and Partners subject to the necessary legal terms.
- 6) Follow-up of the Company's business progress with the executive management and holding regular meetings for following up the Company performance.
- 7) Review of the reports and recommendations of the nomination and remuneration committee and supervision on the committee works in terms of the annual evaluation process for the members of the Board of Directors and the executive management.
- 8) Holding periodical meetings with the officers of internal control departments and follow up of their works and discussion of all comments of the regulatory bodies.
- 9) Attending the training workshop designed for training the members of the Board of Directors and the Executive Management.

CORPORATE GOVERNANCE REPORT

• Brief on the formation requirements of the board of directors' independent specialized committees

The Board of Directors' Committees

The board of directors of Kuwait Real Estate Company has formed the necessary number of specialized committees in accordance with the corporate governance rules issued by Capital Markets Authority. The Board of Directors performs its tasks supported by three specialized committees as follows:

	Date of Formation	Members of the Committee		No. of meetings in 2024
1) Risk Management Committee	02 June 2024 For 3 years	Ahmad Faisal Al-Qatami	Chairman	4
		Meshari Abdullah Al Dakhil	Member	
		Mohammad Issam Al-Bahar	Member	
		Amal Mohammad Al Ashab	Secretary of the Committee	

Risk Management Committee's Tasks and Achievements

1. Prepare and review risk management strategies and policies before approval thereof by the Board of Directors and check for their compatibility with the Company business volume.
2. Review the sufficiency and efficiency of the Company's internal control systems including strategies, policies and procedures related to good practices for different risk management and control and ensure implementation of such policies and strategies.
3. Ensure availability of sufficient risk management resources and systems, review the organizational structure of the risk management department and give relevant recommendations before approval thereof by the Board of Directors. Ensure that the department staffs have full understanding of the potential risks ahead of the Company and that risk management staffs are independent from operational activities.
4. Assist the Board of Directors to determine and assess the Company's risk appetite and evaluate the systems and mechanisms of identification, assessment and follow-up of different types of potential risks ahead of the Company.
5. Examine and review the corporate risk assessment reports and the relevant actions for mitigating or handling such risks according to the acceptable and approved risk levels at the Company in comparison with the potential benefits.
6. Review the comments raised by the audit committee that may affect the corporate risk management.
7. Perform any other responsibilities assigned to the committee by the Board of Directors as compatible with the approved powers matrix.
8. Review transactions and dealings with related parties and make appropriate recommendations to the Board of Directors.

CORPORATE GOVERNANCE REPORT

2) Nomination and Remuneration Committee	Date of Formation	Members of the Committee		No. of meetings in 2024
	02 June 2024 For 3 years	Ibrahim Saleh Al-Therban	Chairman non-executive	1
		Ahmad Faisal Al-Qatami	Member	
		Marzouk Jassim Al-Bahar	Member	
		Amal Mohammad Al Ashab	Secretary of the Committee	
Nomination and Remuneration Committee's Tasks and Achievements				
<div>1. Supervise the annual appraisal of the members of the Board of Directors and the Executive Management.</div> <div>2. Approve the distribution standards of annual remunerations to the company staffs and make relevant recommendations to the Board of Directors.</div> <div>3. Approve the results of the annual appraisal of the members of the Board of Directors and its committees and the performance of the chief executive officer and the secretary .</div> <div>4. Prepare and develop the board member provisions and remunerations policy in accordance with the applicable laws and make relevant recommendations. The proposed remunerations are subject to the general assembly's approval.</div> <div>5. Specify the different categories of remunerations to be offered to the staffs such as fixed remuneration category, performance-related category, stock remuneration category and end of service indemnity category.</div> <div>6. Supervise the preparation of remuneration, promotion, benefits, increments, incentives, salaries policy for the executive management and the staffs.</div> <div>7. Ensure that remunerations are offered in accordance with the company policy and review such remunerations regularly and evaluate their efficiency in terms of achievement of the contemplated goals i.e. attraction of human resources and retention of competent staffs.</div> <div>8. Create the job descriptions of the executive, non-executive, and independent members of the Board of Directors.</div> <div>9. Propose nomination or re-nomination of independent members for election by the general assembly and ensure that independence of the independent board member still exists.</div> <div>10. Ensure nomination of the most competent, experienced, capable and skilled person for carrying out the work tasks of any vacancy in accordance with the best standards.</div>				

CORPORATE GOVERNANCE REPORT

3) Audit Committee	Date of Formation	Members of the Committee		No. of meetings in 2024
	02 June 2024 For 3 years	Khaled Saeed Esbaita	Chairman non-executive	5
		Ahmed Faisal Al-Qatami	Member	
		Naser Abdullatif Al-Manea	Member	
		Amal Mohammad Al Ashab	Secretary of the Committee	
Nomination and Remuneration Committee's Tasks and Achievements				
<div>1. Review the interim and annual financial statements and the external auditor's report and initially approve them before presentation to the Board of Directors for final approval to ensure the fairness and transparency of financial reports.</div> <div>2. Ensure the sufficiency and comprehensiveness of the external auditor's scope of work and check for his independence and neutrality and limit the factors that may impair his independence.</div> <div>3. Study the external auditor's comments on the company's financial statements and follow up the relevant actions.</div> <div>4. Supervise the internal audit works and review the acknowledgment of scope of the audit works regularly, review and approve the annual internal audit plan.</div> <div>5. Review the internal audit reports of the company departments, discuss the relevant comments and take relevant corrective decisions to identify the persons responsible for implementation thereof and the forecasted implementation period.</div> <div>6. Review the sufficiency and efficiency of the company's internal control systems.</div> <div>7. Follow up implementation of the agreed corrective actions in accordance with a specific time schedule.</div> <div>8. Review the reports of the regulatory authorities and ensure that relevant necessary actions were taken.</div> <div>9. Check the company compliance with the relevant laws and instructions.</div> <div>10. Nominate and appoint the internal auditor and transfer, dismiss or replace him and determine his fees and check his work efficiency.</div> <div>11. Make recommendations to the Board of Directors for appointment or re-appointment or replacement of the external auditor and determination of his fees.</div> <div>12. Hold independent regular meetings with the external auditor and at least four meetings with the internal auditor as well as when necessary at the committee's request.</div>				

CORPORATE GOVERNANCE REPORT

The audit committee's significant features are as follows:

The board of directors shall form an audit committee composed of three members minimum including at least one independent member excluding the board chairman or the executive board members.

- **Implementation mechanism for the board members' right of timely access to accurate information and data**

Kuwait Real Estate Company has provided such mechanisms and tools that enable the board members to get the requisite information and data in time through development of the Company's IT environment and creation of direct communication channels between the board secretary and members. Also the provision of the meeting issues and reports at sufficient time in advance for discussion and decision making purposes.

THIRD RULE: SELECTION OF COMPETENT PERSONS FOR THE BOARD AND EXECUTIVE MANAGEMENT MEMBERSHIP

- **Formation mechanism of the nomination and remuneration committee**

The nomination and remuneration committee was reconstituted on 02nd June 2024 consisting of three members including one independent member and a non-executive member as chairman for three years. The committee meets regularly at least once a year as well as when necessary.

- **Report of remunerations of the Board and Executive Management members and Directors; summary of remuneration policy**

Kuwait Real Estate Company has established a clear policy regarding the granting of rewards to the Chairman and members of the Board of Directors, executive management, and managers, with an periodic review of the necessary needs and the preparation of a detailed report on the amounts and benefits granted to them. The Nomination and Remuneration Committee operates within this framework, recommending the approved rewards for the Board members and executive management based on the procedures outlined in the rewards policy, as well as performance standards, the company's success in achieving its objectives, and the profit size.

CORPORATE GOVERNANCE REPORT

- Statement of Remunerations:

Remunerations & Benefits for the Board of Directors							
The total number of member	Remunerations and benefits from the parent company				Remunerations and benefits from subsidiaries		
	Fixed remunerations and privileges (KD)	Variable remunerations and privileges (KD)			Fixed remunerations and privileges (KD)	Variable remunerations and privileges (KD)	
8	Health insurance	Annual remuneration	Committee remuneration		Health insurance	Monthly salaries (total year)	Annual remuneration
	0	60,000	0		0	0	0

Total remunerations and benefits offered to five senior executives who received the highest remunerations in addition to the chief executive officer, the finance manager or their assigns if not already included

Total number of executive positions	Remunerations and privileges from the parent company					Remunerations and privileges from subsidiaries								
	Fixed remunerations and benefits (KD)					Variable remunerations and benefits (KD)	Fixed remunerations and benefits (KD)					Variable remunerations and benefits (KD)		
7	Monthly salaries (total year)	Health Insurance	Annual air tickets	Housing allowance	Transportation allowance	Children tuition allowance	Annual remuneration	Monthly salaries (total year)	Health Insurance	Annual air tickets	Housing allowance	Transportation allowance	Children tuition allowance	Annual remuneration
	429,000	6,800	18,517	-	-	-	254,130	144,000	415	3,810	-	-	-	-

- The Company did not record any fundamental deviations or changes from the approved policy of remunerations and privileges approved by the Board of Directors.

CORPORATE GOVERNANCE REPORT

FOURTH RULE: ENSURING THE INTEGRITY OF FINANCIAL REPORTS

- Written commitments from the Board of Directors and the Executive Management to the validity and integrity of financial reports



Boursa Kuwait's Board of Directors seeks to ensure the integrity of the Company's financial reports by seeking from the Executive Management a written pledge that the financial reports have been presented in a sound and equitable manner and contain all financial information of the Company, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) and adopted by the CMA.

In addition, the Annual Report presented to the shareholders by the Board of Directors also ensures the validity and integrity of the financial statements prepared by the Executive Management (represented by the CEO and CFO) for the Board and by the Board for the shareholders.

An overview on the implementation of requirements of the formation of the Audit Committee

In ensuring the independence and objectivity of the external auditor, the Audit Committee established and applied criteria and principles in evaluating its independence and performance, to support recommendations for appointment, reappointment or change of the external auditor.

All the roles and responsibilities of the Audit Committee and the conditions related to its formation, have been determined under the Audit Committee Charter and approved by the Board of Directors.

CORPORATE GOVERNANCE REPORT

• Audit Committee Formation Mechanism

The audit committee was reconstituted on 2nd June 2024 consisting of three members including an independent member. The committee has complete independence and its members are experienced and specialized in accounting and financing fields. It meets regularly at least four times a year annum on quarterly basis. It takes down the minutes of its meetings. It holds periodical meetings with the external auditors and at least four meetings with the internal auditor as well as when necessary. The audit committee has the right according to its powers stated in the committee charter as well as the powers and authorities stated in the corporate governance rules to supervise, review and follow up all works of the company's auditors and the internal audit works and other tasks intended to instill compliance culture to ensure transparency and fairness of the financial reports and check for the efficiency of applicable internal control systems. The committee shall periodically present any comments or recommendations related to its works to the Board of Directors. **In the past year, there was no conflict between the audit committee's recommendations and the Board of Directors' decisions.**

• External auditor independence and neutrality

The auditor shall be nominated upon the audit committee's recommendation to the Board of Directors. He should be one of the auditors registered in the Capital Market Authority's special register in Kuwait and should be independent from the Company and its board of directors.

The auditor shall be permitted to discuss his opinions with the audit committee before forwarding the annual accountings to the Board of Directors. He shall attend the general assembly meetings and recites the report prepared by him to the shareholders showing any obstacles or interventions.

FIFTH RULE: CREATION OF PROPER SYSTEMS FOR RISK MANAGEMENT AND INTERNAL CONTROL

• Risk Department formation mechanism

Kuwait Real Estate Company is well aware of the importance of efficient internal control systems to emphasize the correctness of financial statements and efficiency of corporate business and assessment of compliance with the control restrictions. Therefore, the approved Company's organizational structure includes a risk management unit that assesses, follows up and monitors all types of risks ahead of the company, reviews the company's proposed transactions dealings with related parties, and submits recommendations thereon.

The Risk Management department officers are independent as they directly report to the risk committee and have a large amount of powers to perform their tasks perfectly without any financial powers that may conflict with their supervisory role. The risk management department has qualified human resources with professional competence and technical abilities.

• Formation mechanism of Risk Management Committee

The risk management committee was reconstituted on 2nd June 2024 consisting of three members including an independent member as chairman and two non-executive members. The board chairman may not be a committee member. The committee shall meet periodically at least four times a year as well as when necessary and shall note down the minutes of its meetings.

CORPORATE GOVERNANCE REPORT

- **Internal control systems**

The company depends on a set of control systems and rules that cover all company's activities and departments. These systems and rules maintain the integrity of the company's financial position, the accuracy of its data and the efficiency of its operations in all respects. The organizational structure states its responsibilities and delegates structural relation authorities clearly, it also embodies the company's strategy and investment structures. The Board of Directors has authorized the company's executive management to run the company's operations chaired by the chief executive officer under a written authorization for the financial and operational authorities. It has stated all financial transactions that may not be authorized to the executive management or the chief executive officer and which requires the board's approval.

The company's internal control processes include the company's administrative and accounting control and internal control systems and are applied regularly. These include the right statement of powers and responsibilities, complete separation of tasks, non-conflict of interests, double check examinations & oversight control, and double signature. The company entered into contract with an approved independent audit firm to assess and review its internal control systems and prepare the relevant report which will be provided to the authority.

- **Formation mechanism of Internal Audit Department**

The company has an internal audit unit which is completely independent. It reports to the audit committee and consequently the Board of Directors. The internal audit manager was directly appointed by the Board of Directors upon nomination by the audit committee. The board has stated the internal audit department's tasks and responsibilities and approved its policies.

SIXTH RULE: PROMOTION OF PROFESSIONAL BEHAVIOR AND ETHICAL VALUES

- **Business charter including professional behavior and ethical values standards and parameters**

The Board of Directors has set a business charter containing standards and parameters of professional behavior for implementation of the company's objectives in accordance with those standards which would contribute to the optimal performance of tasks. Ethical attitude and behavior supports the value-based decisions upon provision of services to clients and during performance of works. The company is proud of acting in the interest of not only the business but also the stakeholders. The culture of professional behavior and ethical values is embedded in the company where all stakeholders perform their tasks through the system based on ethical values. Principles constitute an integral part of the strict compliance which the Company seeks to attain to maintain its reputation and client trust. All Company staffs whether members of the Board of Directors or the Executive Management or others observe its internal policies and regulations.

- **Policies and mechanisms for elimination of conflict of interest**

The Board of Directors of Kuwait Real Estate Company prepared and approved a policy for elimination of the conflict of interest including approaches for treatment and handling of conflict of interest.

The purpose of these policies is to help the company, each direct and indirect subsidiary, members of the Board of Directors and the executive management to promote corporate organizational values and good management approaches for the real and potential cases of conflict of interest. These policies apply to the company's employees, suppliers, officers and board members.

CORPORATE GOVERNANCE REPORT

SEVENTH RULE: ACCURATE AND TIMELY DISCLOSURE AND TRANSPARENCY

- **Implementation of accurate and transparent presentation and disclosure mechanisms describing disclosure aspects, fields and features**

The company has complied with the well-organized directives for disclosure of financial and non-financial fundamental information and the relevant announcement mechanism that fulfill the corporate legal and ethical requirements. The company was also keen to make timely disclosure of the fundamental information related to the company's activity.

- **A brief on implementation of the board and executive management members and Directors' disclosure register requirements**

The company has created a special register of the disclosures of the board and executive management members and directors including all information contained in the disclosures received under the tenth volume of the executive bylaws of the Capital Markets Authority. It is committed to amend such register according to the received disclosures where any person has the right to access such register during the official working hours.

- **Implementation of investor relations department formation requirements**

Kuwait Real Estate Company has in place an investor relations department and has set some policies and processes for fair representation of the company whereby the existing and potential investors have the right to access investment decisions. It is also responsible for provision of necessary information and reports to the potential investors. This unit is independent that it would provide information in time and accurately through recognized means including the corporate website which contains its contact details.

- **Development and use of IT infrastructure for disclosures**

The company has used IT to communicate with its investors, shareholders and stakeholders. A special section was established under the title "Investor Relations" on the corporate website to present all up-to-date information that help existing and potential shareholders and investors exercise their rights to evaluate the company performance.

CORPORATE GOVERNANCE REPORT

EIGHTH RULE: RESPECT OF SHAREHOLDERS' RIGHTS

- **Implementation of the requirements of description and protection of shareholders' general rights to ensure justice and equality of all shareholders**

According to the corporate guide for stakeholders and shareholders' rights protection policies, all shareholders have general and clear rights including registration of the value of their shares in the accounting policies, registration conveyance and transfer of shares, collection of dividends, collection of some assets of the company upon its liquidation, collection of information. Collecting any data related to the company's operational and investment activities and strategies, attendance and voting at the shareholders general assembly, control over the company performance in general and the Board of Directors in particular and holding the Board of Directors and the executive management accountable in case of their failure to perform their functions.

- **A brief on creation of a special register with the clearing agency according to the requirements of ongoing follow-up of shareholders' data**

The Company has in place a special register kept with Kuwait Clearing Company showing the names, nationalities and domiciles of shareholders and the number of their shares. This register is updated with any changes to its data according to the instructions issued to the Company or Kuwait Clearing Company.

- **How to promote shareholders participation and voting at the company general assembly meetings**

The Company sends invitations to its shareholders to attend and vote at its general assembly. Such invitations show the meeting venue and time and are published in the official newspapers in state of Kuwait. Each shareholder has the right to authorize another person to attend such meetings under a special power of attorney or authorization prepared by the company. The general assembly agenda, the Board of Directors' reports, the auditor's reports and the financial statements shall be made available within sufficient time before the assembly meeting.

NINTH RULE: RECOGNITION OF THE STAKEHOLDERS' ROLE

- **Systems and policies for protection and recognition of stakeholders' rights**

The company has prepared policies and processes for protection of stakeholders' rights and provision of legal compensation in case of infringement of their rights as per the corporate governance rules. Such policies stress the company's need for maintenance of positive business relations and the whistling and complain handling policy.

- **Mechanism for stakeholders participation in following up various corporate activities**

The company is keen to increase stakeholders' contribution and participation in the company's activities. It publishes all relevant information accurately in time to the stakeholders and takes the interests of such stakeholders into consideration upon making important decisions.

The company provides the stakeholders with access to the information and data related to their activities for reliance thereon in time and on regular basis.

CORPORATE GOVERNANCE REPORT

TENTH RULE: PROMOTION AND IMPROVEMENT OF PERFORMANCE

- **Mechanisms for continuous training courses and programs for the Board and Executive Management members**

The company has prepared the professional and ethical conduct guide that sets the basic principles underlying the corporate policy of creating institutional values on the basis that the companies reputation is based on the behavior of the board and executive management members and employees. All parties should play some role in maintaining the company reputation through compliance with the highest ethical standards.

In view of the company's keenness on development of the skills of the Board and Executive Management members, the company entered into contracts with several local advisory companies for submission of technical support to the members of the Board of Directors and the Executive Management in respect of governance, internal control, and legal affairs and others to ensure provision of an appropriate understanding of the best practices in the field of the company business and operations.

- **Appraisal of the performance of the whole Board of Directors and the performance of each member of the Board of Directors and Executive Management**

The company has established some systems and mechanisms for regular appraisal of the performance of each member of the Board of Directors and, the executive management through a set of performance appraisal indicators related to the extent of achievement of the corporate strategic goals. It has also set objective performance parameters for appraisal of the whole board and the contribution of each member of the board, and any committee thereof and appraisal of the performance the executive directors on annual basis.

- **The Board of Directors' efforts for creation of institutional values for the company's employees through achievement of the strategic goals and improvement of the performance rates**

The company stated in the professional and ethical behaviors guide the basic principles underlying the company's value creation policy through creation of mechanisms for achievement of the company's strategic objectives and improvement of performance contributing to the creation of institutional values among employees and promoting them to maintain the companies financial integrity. The company also seeks ongoing development of the applicable integrated reporting systems which help the members of the Board of Directors and the Executive Management make sound systematic decisions.

CORPORATE GOVERNANCE REPORT

ELEVENTH RULE: EMPHASIS ON THE IMPORTANCE OF SOCIAL RESPONSIBILITY

- **Brief on the creation of a policy for balance between the corporate goals and the community goals**

The Board of Directors of Kuwait Real Estate Company was keen to approve a clear guide of policies and procedures that set balance between the community, environment goals, and the corporate economic goals. The social responsibility guide highlights the social behaviors intended to achieve sustainable development or the society in general and for its employees in particular through initiatives. These initiatives are intended to improve the employees, their families, and the society by reducing the unemployment rate at the society levels and reducing the waste of environment resources. The company intends to promote management concept through inclusion of contribution to the solution of social and environmental issues into its operations in relations with related parties.

- **Programs and mechanisms used to highlight the company's social work efforts**

The core of Kuwait Real Estate Company's philosophy lies in the recognition that its actions today shape the world of tomorrow. The company has programs and mechanisms to demonstrate its commitment to social responsibility and sustainability creating a positive change in the communities in which it operates. Initiatives in corporate social responsibility include several aspects, including but not limited to the following:

- 1) Volunteer and employee engagement programs: Encouraging employees to participate in volunteering in such activities, in addition to organizing company-sponsored volunteer events.
- 2) Partnerships with non-profit organizations: Cooperating with NGOs or accredited charities to support their missions and benefit from their experience in dealing with social issues.
- 3) Charitable Efforts: Providing financial support for social causes, including donations, grants, and sponsorship of related events or programs.
- 4) Stakeholder engagement and transparency: Communicating with shareholders, customers, employees and other stakeholders about the company's social impact goals, progress and challenges through regular disclosures and reports.
- 5) Employee Training and Development: Providing training and education opportunities for employees to enhance their skills.



Yotel Hotel
New York - USA



Consolidated Financial Statements

Arabella Beach Hotel
Kuwait



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Independent auditor's report

To the Shareholders of
Kuwait Real Estate Company – KPSC
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Real Estate Company - KPSC (the "Parent Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

The Group's investment properties comprise of lands and buildings, including right of use assets. The total carrying value of the investment properties are significant to the Group's consolidated financial statements and are carried at fair value. Management determines the fair value of its investment properties on a periodic basis using external appraisers to support the valuation.

Investment properties are valued using mark to market approach which is based on the latest sale prices of properties within similar areas for certain investment properties, and income capitalization approach which is based on estimates and assumptions such as rental values, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions for certain other properties. Also, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we identified this as a key audit matter. The Group's disclosures about its investment properties are included in Notes 17 and 31.3 to the consolidated financial statements.

Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Key Audit Matters (continued)

Valuation of investment properties (continued)

As part of our audit procedures amongst others, we have evaluated the above assumptions and estimates made by management and the external appraisers in the valuation and assessed the appropriateness of the data supporting the fair value. Furthermore, we assessed the appropriateness of the disclosures relating to the sensitivity of the assumptions.

Valuation of financial assets at FVTPL and FVTOCI

The Group's financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI") include significant unquoted investments. Due to their unique structure and terms, the valuation of these instruments is based either on external independent valuations or on entity-developed internal models. Therefore, there is significant measurement uncertainty involved in valuations. As a result, the valuations of these instruments were significant to our audit. We have, therefore, spent significant audit efforts in assessing the appropriateness of the valuations and underlying assumptions. The Group's disclosures about its financial assets at FVTPL and FVTOCI are included in Notes 11, 15 and 31.2 to the consolidated financial statements.

Our audit procedures included agreeing carrying value of the unquoted securities to the Group's internal or external valuations prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtained supporting documentation and explanations to corroborate the valuations.

Other information

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report to the Shareholders of Kuwait Real Estate Company - KPSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its Executive Regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended 31 December 2024 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)

(Licence No. 94-A)

Grant Thornton – Al-Qatami, Al-Aiban & Part-ners

Kuwait
26 March 2024

Consolidated statement of profit or loss

		Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
	Notes		
Income			
Real estate rental income		33,437,626	28,650,858
Revenue from contracts with customers		1,424,888	249,712
		34,862,514	28,900,570
Real estate operating expenses		(9,833,924)	(7,069,476)
Cost of contracts with customers		(2,435,987)	(1,115,781)
		(12,269,911)	(8,185,257)
Gross income		22,592,603	20,715,313
Change in fair value of investment properties	17	9,475,562	(6,487,329)
Gain on sale of investment properties	17.4	-	10,958,893
Change in fair value of properties under development	16	55,683	45,790
Change in fair value of financial assets at FVTPL		2,482,385	758,535
Loss on sale of financial assets at FVTPL		(71,739)	(28,233)
Dividend income		375,626	362,354
Share of results of associates	14.2	(2,029,236)	398,451
Loss on disposal of associate		-	(120,000)
Other income		490,096	391,491
		33,370,980	26,995,265
Expenses and other charges			
General and administrative expenses		(3,499,309)	(2,967,672)
Finance costs	8	(12,890,139)	(10,924,254)
Provision charge for doubtful debts	12	-	(150,927)
		(16,389,448)	(14,042,853)
Profit for the year before taxation on overseas subsidiaries		16,981,532	12,952,412
Taxation on overseas subsidiaries		(692,087)	-
Profit for the year before provisions for contribution to Ku-wait			
Foundation for the Advancement of Sciences (KFAS), National			
Labour Support Tax (NLST), Zakat and directors' remuneration		16,289,445	12,952,412
Provisions for KFAS, NLST and Zakat		(744,328)	(633,661)
Board of directors' remuneration	28	(60,000)	(60,000)
Profit for the year		15,485,117	12,258,751
Attributable to:			
Owners of the Parent Company		13,414,640	11,287,000
Non-controlling interests		2,070,477	971,751
Profit for the year		15,485,117	12,258,751
Basic and diluted earnings per share (Fils)	9	13.84	11.58

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Profit for the year	15,485,117	12,258,751
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		
Net change in fair value of financial assets at FVTOCI	23,241,479	12,256,669
<i>Items that will be reclassified subsequently to consolidated statement of profit or loss</i>		
Net change in fair value of financial assets at FVTOCI	-	212,468
Exchange differences arising on translation of foreign operations	378,623	15,804
Share of other comprehensive income of associates	(755,332)	841,406
Total other comprehensive income for the year	22,864,770	13,326,347
Total comprehensive income for the year	38,349,887	25,585,098
Attributable to:		
Owners of the Parent Company	36,279,410	24,613,347
Non-controlling interests	2,070,477	971,751
Total comprehensive income for the year	38,349,887	25,585,098

Consolidated statement of financial position

	Notes	31 Dec 2024 KD	31 Dec 2023 KD
Assets			
Cash and cash equivalents	10	12,356,006	6,168,176
Financial assets at fair value through profit or loss	11	17,838,377	10,958,486
Accounts receivable and other assets	12	15,270,478	22,104,420
Due from related parties	27	14,524,805	16,312,323
Trading properties	13	37,182,589	8,163,775
Investment in associates	14	11,678,960	12,949,186
Financial assets at fair value through other comprehensive in-come	15	83,073,600	52,785,580
Capital work in progress		1,951,102	53,180
Properties under development	16	2,835,820	7,867,584
Investment properties	17	261,302,456	253,631,531
Property and equipment		2,898,014	2,407,119
Total assets		460,912,207	393,401,360
Liabilities and Equity			
Liabilities			
Due to banks	18	5,181,424	3,561,368
Accounts payable and other liabilities	19	21,928,048	18,535,468
Lease liabilities	20	8,232,000	7,860,289
Borrowings	21	223,347,579	199,051,069
Due to related parties	27	5,671,846	5,714,560
Provision for employees' end of service benefits		1,171,381	1,002,627
Total liabilities		265,532,278	235,725,381
Equity			
Share capital	22	100,420,696	94,736,506
Share premium	22	3,425,191	3,425,191
Treasury shares	23	(7,135,682)	(5,171,096)
Statutory and voluntary reserves	24	29,725,313	26,881,519
Other components of equity	25	25,663,770	1,798,379
Retained earnings		26,978,681	24,402,046
Equity attributable to owners of the Parent Company		179,077,969	146,072,545
Non-controlling interests		16,301,960	11,603,434
Total equity		195,379,929	157,675,979
Total liabilities and equity		460,912,207	393,401,360



Talal Jassem Al-Bahar
Vice Chairman & Chief Executive Officer

Consolidated statement of changes in equity

Equity attributable to the owners of the Parent Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Other components of equity KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2024	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	2,628,049	2,628,049
Purchase of treasury shares	-	-	(34,605,969)	-	-	-	(34,605,969)	-	(34,605,969)
Sale of treasury shares	-	-	32,641,383	-	2,334,476	-	34,975,859	-	34,975,859
Bonus shares distributions (note 28)	5,684,190	-	-	-	-	(5,684,190)	-	-	-
Cash dividends distribution (note 28)	-	-	-	-	-	(3,643,877)	(3,643,877)	-	(3,643,877)
Total transactions with the owners	5,684,190	-	(1,964,586)	-	2,334,476	(9,328,067)	(3,273,987)	2,628,049	(645,938)
Profit for the year	-	-	-	-	-	13,414,640	13,414,640	2,070,477	15,485,117
Other comprehensive income for the year	-	-	-	-	22,864,771	-	22,864,771	-	22,864,771
Total comprehensive income for the year	-	-	-	-	22,864,771	13,414,640	36,279,411	2,070,477	38,349,888
Gain on disposal of financial assets at FVTOCI	-	-	-	-	(1,333,856)	1,333,856	-	-	-
Transferred to reserves	-	-	-	2,843,794	-	(2,843,794)	-	-	-
Balance at 31 December 2024	100,420,696	3,425,191	(7,135,682)	29,725,313	25,663,770	26,978,681	179,077,969	16,301,960	195,379,929

The notes set out on pages 53 to 105 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

Equity attributable to the owners of the Parent Company									
	Share capital KD	Share premium KD	Treasury shares KD	Statutory and voluntary reserve KD	Other components of equity KD	Retained earnings KD	Sub total KD	Non- controlling interests KD	Total KD
Balance at 1 January 2023	94,736,506	3,425,191	(3,214,552)	24,485,387	(19,147,172)	27,389,043	127,674,403	4,364,185	132,038,588
Arising on partial disposal of a subsidiary	-	-	-	-	-	77,576	77,576	1,327,424	1,405,000
Arising on acquisition of subsidiary (note 7.5)	-	-	-	-	-	-	-	4,940,074	4,940,074
Purchase of treasury shares	-	- (23,931,374)	-	-	-	-	(23,931,374)	-	(23,931,374)
Sale of treasury shares	-	- 19,003,130	-	-	1,322,000	-	20,325,130	-	20,325,130
Bonus shares distributions (note 28)	-	- 2,971,700	-	-	(177,702)	(2,793,998)	-	-	-
Cash dividends distribution (note 28)	-	-	-	-	-	(2,686,537)	(2,686,537)	-	(2,686,537)
Total transactions with the owners	-	- (1,956,544)	-	-	1,144,298	(5,402,959)	(6,215,205)	6,267,498	52,293
Profit for the year	-	-	-	-	-	11,287,000	11,287,000	971,751	12,258,751
Other comprehensive income for the year	-	-	-	-	13,326,347	-	13,326,347	-	13,326,347
Total comprehensive income for the year	-	-	-	-	13,326,347	11,287,000	24,613,347	971,751	25,585,098
Loss on disposal of financial assets at FVTOCI	-	-	-	-	6,474,906	(6,474,906)	-	-	-
Transferred to reserves	-	-	-	2,396,132	-	(2,396,132)	-	-	-
Balance at 31 December 2023	94,736,506	3,425,191	(5,171,096)	26,881,519	1,798,379	24,402,046	146,072,545	11,603,434	157,675,979

The notes set out on pages 53 to 105 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
OPERATING ACTIVITIES			
Profit for the year		15,485,117	12,258,751
Adjustments:			
Depreciation		749,887	229,241
Finance costs		12,890,139	10,924,254
Change in fair value of investment properties	17	(9,475,562)	6,487,329
Gain on sale of investment properties	17.4	-	(10,958,893)
Change in fair value of properties under development	16	(55,683)	(45,790)
Share of results of associates	14.2	2,029,236	(398,451)
Loss on disposal of associate		-	120,000
Change in fair value of financial assets at FVTPL		(2,482,385)	(758,535)
Loss on sale of financial assets at FVTPL		71,739	28,233
Provision charge for doubtful debts	12	-	150,927
Dividend income		(375,626)	(362,354)
Provision charge for employees' end of service benefits		234,848	35,408
		19,071,710	17,710,120
Changes in operating assets and liabilities:			
Accounts receivable and other assets		2,571,948	(4,791,779)
Due from related parties		1,787,518	(2,198,194)
Accounts payable and other liabilities		1,233,193	(1,808,582)
Due to related parties		(42,714)	(2,223,267)
Employees' end of service benefits paid		(66,094)	(225,405)
Net cash from operating activities		24,555,561	6,462,893
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,240,782)	(1,824,051)
Additions to capital work in progress		(1,897,922)	77,835
Additions to properties under development	16	(2,780,137)	(2,935,874)
Additions to investment properties	17	(2,652,306)	(7,043,457)
Proceeds from sale of investment properties		-	16,469,905
Additions to trading properties		(5,795,967)	-
Purchase of financial assets at FVTPL		(135,512)	(3,422,603)
Proceeds from sale of financial assets at FVTPL		-	11,692
Purchase of financial assets at FVTOCI		(60,044,193)	(31,840,877)
Proceeds from sale of financial assets at FVTOCI		53,073,933	27,304,952
Additions / capital contribution in associates	14.2	(1,588,878)	(158,204)
Dividend received from associates	14.2	74,536	37,266
Restricted bank balances	10	641	(1,293)
Term deposits maturing after 3 months	10	(1,049,673)	(80,916)
Dividend income received		375,626	362,354
Net cash used in investing activities		(23,660,634)	(3,043,271)

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
FINANCING ACTIVITIES			
Net change in borrowings	21	24,245,642	20,121,685
Finance costs paid		(10,730,752)	(10,571,088)
Lease liabilities paid	20	(8,232,000)	(8,232,000)
Net movement in treasury shares		(1,964,586)	(4,928,244)
Capital contribution from non-controlling interests		2,628,049	-
Dividends paid		(3,603,717)	(2,608,103)
Net cash from / (used in) financing activities		2,342,636	(6,217,750)
Net increase/(decrease) in cash and cash equivalents		3,237,563	(2,798,128)
Foreign currency adjustments		281,179	(190,957)
Cash and cash equivalents at the beginning of the year	10	1,438,468	4,427,553
Cash and cash equivalents at the end of the year	10	4,957,210	1,438,468
Material non-cash transactions:			
Accounts receivable and other assets		(4,261,994)	-
Transfer to trading properties	13	20,556,527	-
Transfer from investment properties	17.3	(20,556,527)	-
Purchase of financial assets at FVTPL		4,261,994	-
Transferred from properties under development	17.2	7,867,584	-
Transferred to investment properties	16	(7,867,584)	-
Additions to leased properties	17	(8,232,000)	-
Lease modification	20	8,232,000	-
Proceeds from sale of investment properties		-	(8,430,803)
Increase in accounts receivable and other assets		-	8,430,803
Proceeds from sale of subsidiary		-	1,405,000
Due from related parties		-	(1,405,000)

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

Kuwait Real Estate Company – KPSC (“the Parent Company”) was incorporated in 1972 as a Kuwaiti public shareholding company in accordance with the provisions of the Companies Law in the State of Kuwait.

The Parent Company’s shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries (collectively referred to as “the Group”). The details of the subsidiaries are described in Note 7.

The principal activities of the Parent Company are as follows:

- Carry out various real estate works for achieving profit, including sale, purchase, renting out and leasing of lands and real estate properties, erect buildings, prepare and implement studies of the private and public real estate projects directly or through mediation whether in Kuwait or abroad.
- Carry out various building works and related works whether for its account or for the account of third parties and import, trade in all materials related to real estate and other works related or necessary thereto.
- Invest in companies’ shares or projects similar to the company’s objectives or manage and direct such institutions in such a way that achieves interest.
- Build housing whether for citizens or government employees or the employees of official or private authorities against receiving their value from them either in cash or on installments.
- Carry out contracting works in general whether directly or through participation with other contracting companies or representing same.
- Manage others’ properties in Kuwait and abroad.
- Erect private and public buildings and projects, including malls, entertainment centers, touristic utilities and implement them directly or through third parties in Kuwait or abroad and rent out or sell same in cash or on installments after approval by the competent authorities.
- Create, manage or share third parties in real estate investment funds only whether in Kuwait or abroad to employ and invest funds on behalf of others after approval by the competent authorities.
- Do various real estate works for achieving profit, including acquisition, sale and purchase of lands and real estate properties and develop them for the account of the company inside and outside Kuwait, rent out and lease same and erect buildings.
- Prepare studies and provide consultations in all kinds of real estate fields, provided the required terms and conditions are met by those who offer this service.
- Acquire, sell and purchase shares and bonds of the companies or projects similar to the company’s objectives or manage such institutions and direct same in such a way that achieves interest.
- Acquire movables and real estate properties necessary to conduct its activity within the limits permitted by the law and in compliance with its objectives.
- Perform maintenance works related to the buildings and properties owned by the company and others, including civil, mechanical and electrical works, elevators and air conditioning works in such a way that maintains buildings and their safety.
- Organize real estate exhibitions for the company’s real estate projects.
- Hold real estate auctions.
- Utilize the surplus funds available with the company by investing same in financial portfolios managed by specialized companies and entities inside and outside Kuwait.
- Contribute directly to set out the basic structure of the residential, commercial areas and projects by “Building, Operation & Transfer” (BOT) system and manage the real estate utilities by BOT system.

Notes to the consolidated financial statements (continued)

1 Incorporation and activities of the Parent Company (continued)

The Parent Company has the right to perform the above-mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also establish or share or purchase these entities or affiliate them therewith.

The address of the Parent Company's registered office is PO Box 1257, Safat 13013, State of Kuwait.

These consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Parent Company's board of directors on 26 March 2025. The general assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after issuance.

2 Basis of preparation

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, properties under development and investment properties that have been measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The Group has elected to present the "consolidated statement of profit or loss and other comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

3 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

4 Changes in accounting policies

4.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments - Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.1 New and amended standards adopted by the Group (continued)

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as either current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments - Classification of liabilities as current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements disclosures

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

IFRS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

IAS 21 Amendments – Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments

The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.

Notes to the consolidated financial statements (continued)

4 Changes in accounting policies (continued)

4.2 IASB Standards issued but not yet effective (continued)

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments (continued)

- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The major new requirements in IFRS 18 include

- Presentation of specific categories and sub totals in the statement of profit or loss
- Disclosures of management-defined performance measures (MPM)
- Improvement of aggregation and disaggregation

Management anticipates that the adoption of the new standard in the future may have an impact on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

Management does not anticipate adoption of the new standard for its consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

5 Material accounting policies

The material accounting policies adopted in the preparation of consolidated financial statements are set out below:

5.1 Basis of consolidation

The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group's companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group's companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent Company and the non-controlling interests based on their respective ownership interests.

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

5.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.2 Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of i) fair value of consideration transferred, ii) the recognised amount of any non-controlling interest in the acquiree and iii) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in consolidated statement of profit or loss immediately.

5.3 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.

5.4 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

5.4.1 Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

5.4.2 Rendering of services including health club membership

Membership fees for the health club are recognised over time as the services are provided during the membership period. Any fees related to future periods are presented in the consolidated statement of financial position as deferred revenue until the services are delivered.

5.5 Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.6 Interest and similar income

Interest and similar income are recognised on accrual basis using the effective interest method

5.7 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their occurrence.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.9 Taxation

5.9.1 National Labour Supporting tax

The National Labour Support Tax (NLST) is calculated at 2.5% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 24 for the year 2006 and Law No. 19 for the year 2000.

5.9.2 Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to the owners of the Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

5.9.3 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from Kuwaiti shareholding associates and subsidiary, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

5.9.4 Income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred income tax is calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.9 Taxation (continued)

5.9.4 Income tax (continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised.

5.10 Leased assets

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group accounts for its right-of-use assets as investment properties carried at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from either a change in the fair value is immediately recognised in the consolidated statement of profit or loss.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.10 Leased assets (continued)

Lease liability (continued)

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.

5.11 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The Group depreciates its property and equipment using the straight-line method at rates sufficient to write off the assets over their estimated useful economic lives. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate at each financial year end.

5.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are estimated by management with the assistance of valuation provided by accredited external valuers.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.13 Investment properties under development

Investment properties under development represents property held for future use as investment property and is initially measured at cost. Subsequently, property under development are carried at fair value that is determined based on valuation performed by independent valuer at the end of each year using valuation methods consistent with the market conditions at the reporting date. Gains or losses from change in the fair value are recognised in the consolidated statement of profit or loss.

If the Group determines that the fair value of an investment property under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group measures that investment property under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier).

Investment properties under developments are classified as non-current assets, unless otherwise specified.

5.14 Trading properties

Trading properties are recorded at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each property to its present condition including the identified finance cost. Net realizable value is based on estimated selling price less any further cost expected to be incurred on completion and disposal.

5.15 Capital work in progress

Capital work in progress is carried at cost less impairment in value (if any). Costs are those expenses incurred by the Group that are directly attributable to the construction of asset. Once completed, the asset is transferred to the respective assets class.

The carrying values of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

5.16 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

Under the equity method, the carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The difference in reporting dates of the associates and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.17 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.18 Financial instruments

5.18.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset or
 - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.2 Classification of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

5.18.3 Subsequent measurement of financial assets

• *Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- *Cash and cash equivalents*

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, bank balances, cash held in investment portfolios and short-term highly liquid deposits with a maturity of twelve months or less, that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

- *Accounts receivable and other assets*

Accounts receivable and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred

- *Due from related parties*

Due from related parties are financial assets originated by the Group by providing money directly to the borrower that have fixed or determinable payments and are not quoted in an active market.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

• *Financial assets at FVTOCI*

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI

The Group’s equity investments at FVTOCI comprises of investments in equity shares, debt instruments and funds. Investment in equity shares include both quoted and unquoted.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

Debt instruments at FVTOCI:

The Group measures debt instruments at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments at FVTOCI are subsequently measured at fair value and gains and losses arising due to changes in fair value are recognised in other comprehensive income. Interest income and foreign exchange gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income. On derecognition, cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss and other comprehensive income. The management of the Group classifies the debt instruments under debt securities at FVTOCI.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.3 Subsequent measurement of financial assets (continued)

• Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise investments in equity instruments.

5.18.4 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.18 Financial instruments (continued)

5.18.4 Impairment of financial assets (continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

5.18.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, accounts payable and other liabilities, due to related parties and due to banks.

The subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Due to banks, accounts payable and other liabilities, due to related parties and borrowings are classified as financial liabilities other than at FVTPL.

Borrowings

- **Bank loans and due to banks**

Bank loans and due to bank are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

- **Islamic financing payables**

Islamic financing payables represent amounts payable on a deferred settlement basis for assets purchased under Murabaha, Tawaroq and Wakala payable arrangements. Islamic financing payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

All the profit-related charges are included within finance costs.

Accounts payable and other liabilities

Accounts payable and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

Due to related parties

Due to related parties are financial liabilities arising in the normal courses of the business and are not quoted in an active market.

5.19 Amortised cost of financial instruments

This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

5.20 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.21 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.22 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

5.23 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the commercial companies' law and the Parent Company's memorandum of incorporation and articles of incorporation.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwait Dinar.
- Cumulative changes in fair value – comprises gains and losses relating to financial assets at fair value through other comprehensive income and Group's share of cumulative changes in fair value reserve of associates.
- Treasury shares reserve – comprises gains and losses resulting from sales of treasury shares.

Retained earnings includes all current and prior period retained profit and loss. All transactions with owners of the Parent Company are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved the General Assembly of shareholders.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.24 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.25 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. Treasury shares are accounted for under cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity. Treasury shares are not entitled to cash dividends that the Group may distribute. The issue of stock dividend shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

When the treasury shares are reissued, gains are recorded directly in "Treasury shares reserve" in the shareholders' equity. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and legal reserve. Subsequent to this, should profits arise from sale of treasury shares an amount is transferred to reserves and retained earnings equal to the loss previously charged to this account.

5.26 Segment reporting

The Group has three operating segments: real estate, investment and services. In identifying these operating segments, management generally follows the Group's significant services for each segment. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

5.27 Foreign currency translation

5.27.1 Functional and presentation currency

The consolidated financial statements are presented in Kuwait Dinar (KD), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the consolidated financial statements (continued)

5 Material accounting policies (continued)

5.27 Foreign currency translation (continued)

5.27.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.27.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

5.28 End of service indemnity

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

5.29 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

6 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments

In the process of applying the Group's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

6.1.1 Business model assessment

The Group classifies financial assets after performing the business model test. This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

6.1.2 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property under development or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

6.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement

6.1.4 Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

6.1.5 Judgements in determining the timing of satisfaction of performance obligations

The determination of the whether or not performance obligation criteria set out in IFRS 15 relating to transfer of control of goods and services to customers has been satisfied requires significant judgement.

6.1.6 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the company.

Notes to the consolidated financial statements (continued)

6 Significant management judgements and estimation uncertainty (continued)

6.1 Significant management judgments (continued)

6.1.7 Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

6.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different

6.2.1 Impairment of associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

6.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

6.2.3 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6.2.4 Revaluation of investment properties and investment properties under development

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Where the Group determines that the fair value of an investment properties under development is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group measures these investment properties under development at cost until either its fair value become reliably determinable or development is completed (whichever is earlier). When the fair value becomes reliably measurable, the fair value of such properties may vary from the actual cost.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies

Name of subsidiary	Country of incorporation	Ownership Percentage		Principle activity
		31 Dec. 2024	31 Dec. 2023	
Directly owned subsidiaries:				
Habara Pearl Farm Company (7.1)	USA	100%	100%	Investment
Al-Aqdain Kuwaiti for Real Estate Development Co – KSCC (7.2)	Kuwait	99.99%	99.99%	Real estate
Financial Group of Kuwait Co. – KSC (Holding) (7.2)	Kuwait	99.99%	99.99%	Investment
KREC Meeker Debt Company Limited (7.1)	Cayman Islands	100%	100%	Investment
KREC Meeker Equity Company Limited (7.1)	Cayman Islands	100%	100%	Investment
IFA Hotels and Resorts Co. – S.A.L (Lebanon) (7.1 & 7.3)	Lebanon	100%	100%	Real estate
Al-Fereej International Real Estate Co. – WLL (7.2)	Kuwait	99%	99%	Real estate
Al Mottahida General Investment – LLC (7.2)	UAE	99%	99%	Real estate
Al Durrar General Investment – LLC (7.2)	UAE	99%	99%	Real estate
International Resorts Company - KSC	Kuwait	70.27%	70.27%	Real estate
Aqarat th8 Investment LTD	Cayman Islands	100%	100%	Real Estate
Active Holding Company – KSC (Closed) (7.1)	Kuwait	100%	100%	Real Estate
Assjad Al-Kuwait General Trading and Contracting Co. – WLL	Kuwait	51%	51%	General Trading and Contracting
KREC Real Estate Company - WLL	Kuwait	100%	100%	Real Estate
Eradat International Real Estate Co. – KSC (Closed) (7.5)	Kuwait	62.47%	62.47%	Real Estate
AlKoot Investments LLC (7.4)	UAE	100%	-	Real Estate Investment & Manage-ment

- 7.1 The financial statements of subsidiaries have been consolidated based on financial statements prepared by managements of these subsidiaries.
- 7.2 The remaining shares of these subsidiaries are held in the name of related parties as nominees on behalf of the Parent Company, who have confirmed in writing that the Parent Company is the beneficial owner of these shares.
- 7.3 The Group's subsidiary, IFA Hotels and Resorts Co. – S.A.L ("IFAHR Lebanon"), operates in Lebanon, which is currently experiencing significant economic and political instability, including hyperinflation, banking restrictions, and a sovereign debt default. These conditions have restricted the Group's ability to access IFAHR Lebanon's cash and other assets. Despite these challenges, management has assessed that it retains control over IFAHR Lebanon and continues to consolidate the subsidiary. Management has further assessed that the impact on the carrying value of the Group's investment in Lebanon is not material and no impairment is required as of 31 December 2024.
- 7.4 During the year, the Group incorporated a new subsidiary "AlKoot Investments LLC" regis-tered in UAE with 100% ownership having a total capital of KD8,390 to carry out investment activities.

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.5 During 2023, the Group acquired ownership interest of 62.47% of Eradat International Real Estate Company – KSCC “Eradat”, through solely participating in the increase of Eradat’s share capital, in-kind, for an amount of KD8,223,000. This in-kind increase of Eradat’s share capital represents the net of the aggregate value of certain investment properties amounting to KD49,463,000 and bank facilities. The transaction did not result into any goodwill or bargain purchase.

On 27 September 2023, the extraordinary general assembly of Eradat approved to reduce its authorized, issued and paid-up share capital from KD6,798,697 to KD4,940,000 through write off accumulated losses amounting to KD1,859,102 as of 30 June 2023, and increase its share capital, in-kind, from KD4,940,000 to KD13,163,000 by amount of KD8,223,000 for the Parent Company. On 14 November 2023, the Ministry of Commerce and Industry approved the in-creasing of the share capital.

7.6 Subsidiaries with material non-controlling interests

The Group includes the following subsidiaries with material non-controlling interests:

Company name	Proportion of ownership interests and voting rights held by the NCI		Profit / (loss) allocated to NCI		Accumulated NCI	
	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.	31 Dec.
	2024	2023	2024	2023	2024	2023
	%	%	%	%	%	%
International Resorts Co. – KSCC	29.73%	29.73%	902,720	976,925	6,243,830	5,341,110
Eradat International Real Estate Company – KSCC	37.53%	37.53%	264,734	(2,455)	5,202,353	4,937,619

Notes to the consolidated financial statements (continued)

7 Subsidiary companies (continued)

7.6 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	International Resorts Co. – KSCC		Eradat Int. Real Estate Co. – KSCC	
	31 Dec 2024 KD	31 Dec 2023 KD	31 Dec 2024 KD	31 Dec 2023 KD
Non-current assets	5,222,167	5,395,608	54,779,871	54,446,831
Current assets	22,871,041	20,274,855	54,779	4,257
Total assets	28,093,208	25,670,463	54,834,650	54,451,088
Non-current liabilities	3,482,125	62,127	-	-
Current liabilities	3,580,188	7,572,228	40,893,681	41,294,630
Total liabilities	7,062,313	7,634,355	40,893,681	41,294,630
Equity attributable to shareholders of the Parent Company	14,787,065	12,672,314	13,940,969	13,156,458
Non-controlling interests	6,243,830	5,363,794	-	-
Revenue	5,901,721	5,617,506	3,217,117	365,172
Profit/(loss) for the year attributable to the shareholders of the Parent	2,132,737	2,308,052	705,392	(6,542)
Profit/(loss) for the year attributable to NCI	902,720	976,925	-	-
Profit / (loss) for the year	3,035,457	3,284,977	705,392	(6,542)
Total comprehensive income/(loss) for the year attributable to the shareholders of the Parent Company	2,134,739	2,250,396	705,392	(6,542)
Total comprehensive income for the year attributable to NCI	903,603	952,559	-	-
Total comprehensive income/(loss) for the year	3,038,342	3,202,955	705,392	(6,542)
Net cash (used in) / from operating activities	(6,722,704)	935,356	(311,846)	6,502
Net cash (used in) / from investing activities	(39,065)	1,555,212	(393,546)	(9,678)
Net cash used in financing activities	(124,126)	(3,420,000)	-	-
Net cash outflow	(6,885,895)	(929,432)	(705,392)	(3,176)

Notes to the consolidated financial statements (continued)

8 Finance costs

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
<i>On financial liabilities at amortised cost:</i>		
Bank charges	111,214	141,068
Due to banks	180,183	155,416
Borrowings	12,417,181	10,179,460
Lease liabilities	181,561	448,310
	12,890,139	10,924,254

9 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by weighted average number of shares outstanding during the year excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Profit for the year attributable to the owners of the Parent Company (KD)	13,414,640	11,287,000
Weighted average number of shares outstanding during the year (excluding treasury shares) (share)	969,641,849	974,960,250
Basic and diluted earnings per share (Fils)	13.84	11.58

The comparative weighted average number of shares for the calculating of basic and diluted earnings per share has been adjusted to reflect the bonus shares for the year ended 31 December 2023 (note 28). Earnings per share for the year ended 31 December 2023 were 12.29 fils before retroactive adjustment.

Notes to the consolidated financial statements (continued)

10 Cash and cash equivalents

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Cash and bank balances	9,757,516	4,809,854
Cash in investment portfolios managed by others	423,003	232,508
Term deposits	2,175,487	1,125,814
Cash and cash equivalents	12,356,006	6,168,176
Less:		
Due to bank (note 18)	(5,181,424)	(3,561,368)
Restricted bank balances (note 10.1)	(41,885)	(42,526)
Term deposits with original maturity exceeding three months	(2,175,487)	(1,125,814)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	4,957,210	1,438,468

10.1 Restricted bank balances represent balances deposited in a bank located in Lebanon denominated in US Dollar.

11 Financial assets at fair value through profit or loss

	31 Dec 2024 KD	31 Dec 2023 KD
Local quoted securities	1,089,204	411,335
Local unquoted securities	91,517	81,888
Foreign quoted securities	5,978	3,780
Foreign unquoted securities	16,640,651	10,450,519
Managed funds	11,027	10,964
	17,838,377	10,958,486

Certain investments with aggregate carrying value amount of KD4,324,031 (31 December 2023: KD2,471,276) representing over 20% ownership interests have been classified as financial assets at fair value through profit or loss as the Group does not control or exercise significant influence over the operations of the investees.

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 31.2.

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets

	31 Dec 2024 KD	31 Dec 2023 KD
Financial assets		
Accounts receivable	10,163,425	8,020,827
Refundable deposits	540,815	776,254
Due on sale of investment properties	4,572,582	10,406,793
Other assets	2,798,918	3,049,969
	18,075,740	22,253,843
Provision for doubtful debts	(5,818,734)	(5,818,734)
	12,257,006	16,435,109
Non-financial assets		
Advances to contractors and suppliers	1,944,606	369,032
Advance to purchase investments (12.1)	-	4,261,994
Other assets	1,068,866	1,038,285
	3,013,472	5,669,311
	15,270,478	22,104,420

12.1 Advances to purchase investments represent payments made to acquire new investments located in the United States. During the year, the formalities to finalise the purchase transactions were completed and the investment has been classified as financial assets at fair value through profit or loss (note 11).

The carrying values of the financial assets included above approximate their fair values and all are due within one year.

The movement in the provision for doubtful debts is as follows:

	31 Dec 2024 KD	31 Dec 2023 KD
At 1 January	5,818,734	5,675,757
Charge for the year	-	150,927
Write off during the year	-	(7,950)
At 31 December	5,818,734	5,818,734

Notes to the consolidated financial statements (continued)

13 Trading properties

The movement in the trading properties is as follows:

	31 Dec 2024 KD	31 Dec 2023 KD
Developed properties		
Balance at the beginning of the year	9,615,005	9,602,427
Addition during the year	5,773,634	-
Foreign currency translation adjustments	31,151	12,578
	15,419,790	9,615,005
Provision for impairment in value	(1,451,230)	(1,451,230)
	13,968,560	8,163,775
Under development properties		
Transferred from investment properties (note 17.3)	20,556,527	-
Addition during the year	2,657,502	-
	23,214,029	-
Balance at the end of the year	37,182,589	8,163,775

The Group's trading properties are located in Lebanon and UAE.

14 Investment in associates

14.1 Details of the associates are set out below:

Name of associate	Country of incorporation	Ownership Percentage		Principal activities
		31 Dec. 2024 %	31 Dec. 2023 %	
Kuwait Building Materials Manufacturing – KSCC	Kuwait	24.58	24.58	Manufacturing
National Slaughter House Co. – KSCC	Kuwait	44.5	44.5	Consumer goods
EFS Facilities Services General Trading and Contracting Company – WLL	Kuwait	50	50	General trading and contracting
KREC Yotel Miami Debt Co. Limited (14.1.1)	Cayman Islands	100	100	Investment
KREC Yotel Miami Equity Co. Limited (14.1.1)	Cayman Islands	100	100	Investment
Zamzam for Religious Tourism Co. – KSCC	Kuwait	32.5	32.5	Religious tourism
KREC Debt Company Limited	Cayman Islands	43.03	43.03	Investment
KREC Equity Company Limited	Cayman Islands	43.03	43.03	Investment

All the above associates are unquoted.

14.1.1 The Group waived part of its voting right in these investees to a third party. Accordingly, the Group does not control these investees. However, the Group classified these investees as associates because it is able to exercise significant influence over the operations of associates.

14.2 Following is the movement for the investment in associates during the year:

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
At 1 January	12,949,186	11,708,391
Additions / capital contribution	1,588,878	158,204
Disposals	-	(120,000)
Share of results	(2,029,236)	398,451
Dividends	(74,536)	(37,266)
Share of other comprehensive income	(755,332)	841,406
At 31 December	11,678,960	12,949,186

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

14.3 Summarised financial information of the Group's material associates are set out below:

a) KREC Yotel Miami Debt Company Limited:

	31 Dec 2024 KD	31 Dec 2023 KD
Total assets	4,101,773	6,487,609
Total liabilities	69,812	129,847
Net assets	4,031,961	6,357,762

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Income	(3,834,192)	138,344
(Loss) / profit for the year	(3,834,192)	138,344
Total comprehensive (loss) / income for the year	(3,834,192)	138,344

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is give below:

	31 Dec 2024 KD	31 Dec 2023 KD
Group's ownership interest (%)	100%	100%
Net assets of the associate	4,031,961	6,464,189
Group's share of net assets	4,031,961	6,464,189
Carrying amount	4,031,961	6,464,189

Notes to the consolidated financial statements (continued)

14 Investment in associates (continued)

b) KREC Yotel Miami Equity Company Limited:

	31 Dec 2024 KD	31 Dec 2023 KD
Total assets	3,007,941	1,228,035
Total liabilities	107,239	88,150
Net assets	2,900,702	1,139,885

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Income	1,593,455	-
Profit / (loss) for the year	1,574,755	(231)
Total comprehensive income / (loss) for the year	1,574,755	(231)

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is give below:

	31 Dec 2024 KD	31 Dec 2023 KD
Group's ownership interest (%)	100%	100%
Net assets of the associate	2,991,801	1,139,885
Group's share of net assets	2,991,801	1,139,885
Carrying amount	2,991,801	1,139,885

14.4 As the associates are individually considered immaterial to the Group, the following is the aggregate information of the associates:

	Year ended 31 Dec 2023 KD	Year ended 31 Dec 2022 KD
Group's share of results	230,201	260,338
Group share of other comprehensive income	(755,332)	841,406
Group's share of the total comprehensive income	(525,131)	1,101,744
Aggregate carrying amount of Group's interest in associates	4,655,198	5,345,112
Dividends	74,536	37,266

Notes to the consolidated financial statements (continued)

15 Financial assets at fair value through other comprehensive income

	31 Dec 2024 KD	31 Dec 2023 KD
Local quoted securities	53,527,962	21,886,362
Local unquoted securities	4,838,709	3,680,116
Foreign unquoted securities	11,989,640	13,927,977
Debt instruments	6,502,661	6,437,549
Managed funds	6,214,628	6,853,576
	83,073,600	52,785,580

These investments are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate these financial assets as at FVTOCI as it believes that recognising short-term fluctuations in the fair value of these financial assets in consolidated statement of profit or loss would not be consistent with the Group's strategy of holding these financial assets for long-term purposes and realising their performance potential in the long run. The above financial assets represent investment in various business sectors as follows:

	Financial services KD	Real estate KD	Consumer services KD	Others KD	Total KD
31 December 2024					
Local quoted securities	10,764,117	41,428,615	322,147	1,013,083	53,527,962
Local unquoted securities	709,721	135,777	3,983,711	9,500	4,838,709
Foreign unquoted securities	8,770	11,101,846	255,564	623,460	11,989,640
Debt instruments	-	6,502,661	-	-	6,502,661
Managed funds	-	6,214,628	-	-	6,214,628
	11,482,608	65,383,527	4,561,422	1,646,043	83,073,600
31 December 2023					
Local quoted securities	5,256,234	3,653,326	12,466,546	510,256	21,886,362
Local unquoted securities	347,457	75,044	2,689,302	568,313	3,680,116
Foreign unquoted securities	236,023	13,068,713	391,447	231,794	13,927,977
Debt instruments	-	6,437,549	-	-	6,437,549
Managed funds	-	6,853,576	-	-	6,853,576
	5,839,714	30,088,208	15,547,295	1,310,363	52,785,580

Debt instruments represent promissory notes of foreign companies and carry annual interest rate 9% (31 December 2023: 9%).

Quoted securities with carrying value of KD31,443,164 (31 December 2023: KD16,119,872) are pledged against borrowings (notes 21).

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 31.2.

Notes to the consolidated financial statements (continued)

16 Properties under development

	31 Dec 2024 KD	31 Dec 2023 KD
Cost		
Land costs	2,183,842	2,183,842
Development costs	5,683,742	2,695,292
Carrying value at the beginning of the year	7,867,584	4,879,134
Development costs charged for the year	2,780,137	2,935,874
Transferred to investment properties	(7,867,584)	-
Change in fair value during the year	55,683	45,790
Foreign currency translation adjustments	-	6,786
Carrying value at end of the year	2,835,820	7,867,584

The Group's properties under development are located in UAE.

17 Investment properties

	Owned properties KD	Leased properties KD	Total KD
31 December 2024:			
Balance at the beginning of the year	244,477,562	9,153,969	253,631,531
Additions during the year	2,652,306	8,232,000	10,884,306
Transferred from properties under development (note 17.2)	7,867,584	-	7,867,584
Transferred to trading properties (note 17.2)	(20,556,527)	-	(20,556,527)
Change in fair value during the year	17,525,991	(8,050,429)	9,475,562
Balance at the end of the year	251,966,916	9,335,540	261,302,456
31 December 2023:			
Balance at the beginning of the year	245,118,001	16,937,666	262,055,667
Additions during the year	7,043,457	-	7,043,457
Arising on acquisition of subsidiary	4,961,551	-	4,961,551
Disposals during the year	(13,941,815)	-	(13,941,815)
Change in fair value during the year	1,296,368	(7,783,697)	(6,487,329)
Balance at the end of the year	244,477,562	9,153,969	253,631,531

Notes to the consolidated financial statements (continued)

17 Investment properties (continued)

17.1 The Group's investment properties are located as follows

	31 Dec 2024 KD	31 Dec 2023 KD
Kuwait	191,983,542	185,027,385
UAE	67,789,904	67,113,791
Other MENA countries	1,529,010	1,490,355
	261,302,456	253,631,531

17.2 Properties with an aggregate carrying value of KD7,682,324 were under development and have been completed during the year.

17.3 During the year, the Group reclassified a plot of land located in Sharjah, UAE, from investment properties to trading properties. This reclassification followed a change in use, as the Group has commenced the development of a project, Tilal Al Tay, to build and sell residential villas. The fair value at the date of change in use determined by an independent real estate valuer was KD20,556,527 which resulted into a gain on change in fair value amounting to KD6,755,596.

17.4 During 2023, the Group sold certain properties located in UAE to third parties for an aggregate sale consideration of KD23,106,515 resulting into a gain of KD9,609,737. Furthermore, the Group sold certain properties located in Kuwait to related parties and third parties for an aggregate sale consideration of KD1,794,194 resulting into a gain of KD1,349,156.

17.5 Investment properties with a carrying value of KD216,066,196 (2023: KD216,766,190) are pledged against borrowings and due to banks (notes 21 and 18).

17.6 Leased properties represent the properties under the BOT contracts signed with the Ministry of Finance - State Properties department, Kuwait.

Note 31.3 sets out the measurement basis of fair value of the investment properties.

18 Due to banks

This represents outstanding balance of the credit facilities granted to the Group by a local Islamic bank in the form of overdraft facilities. The facilities carry an annual profit rate of 0.75% – 1.5% (2023: 0.75%) above the Central Bank of Kuwait discount rate.

The due to banks balance is secured against mortgage of certain investment properties (note 17).

Notes to the consolidated financial statements (continued)

19 Accounts payable and other liabilities

	31 Dec 2024 KD	31 Dec 2023 KD
Financial liabilities		
Accounts payable	4,494,036	3,249,230
Accrued interest	2,159,387	1,244,239
Accrued expenses and leave	1,470,668	2,507,436
Provision for National Labour Support Tax	2,497,880	2,651,473
Provision for Zakat	974,723	807,270
Provision for KFAS (note 19.1)	264,472	161,740
Dividends payable	1,321,270	1,281,111
Refundable deposits	2,398,800	1,835,322
Other liabilities	1,859,837	1,004,976
	17,441,073	14,742,797
Non-financial liabilities		
Advance rent	221,724	887,571
Other liabilities	4,265,251	2,905,100
	4,486,975	3,792,671
	21,928,048	18,535,468

19.1 The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of association and article of association obligating the Parent Company to apply this deduction. In spite of the above, the Ministry of Commerce and Industry (MOCI) has recently issued instructions requiring inclusion of this deduction until it is approved to hold the general assembly.

Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.

20 Lease liabilities

The Group has leases for the properties under the BOT contracts signed with the Ministry of Finance - State Properties department, Kuwait. Following is the movement for the lease liabilities during the year:

	31 Dec 2024 KD	31 Dec 2023 KD
At 1 January	7,860,289	15,643,979
Lease modification	8,232,000	-
Finance costs charged for the year	371,711	448,310
Settled during the year	(8,232,000)	(8,232,000)
At 31 December	8,232,000	7,860,289

Lease payments as at 31 December 2024 and 31 December 2023 are due within one year of the date of the statement of consolidated statement of financial position.

Notes to the consolidated financial statements (continued)

21 Borrowings

	31 Dec 2024 KD	31 Dec 2023 KD
Islamic financing payables (i)	184,362,837	173,326,459
Term loans (ii)	38,984,742	25,724,610
Total	223,347,579	199,051,069
Borrowings in KD	185,273,973	173,326,459
Borrowings in other currencies	38,073,606	25,724,610
Total	223,347,579	199,051,069

The borrowings due for repayment as follows:

	31 Dec 2024 KD	31 Dec 2023 KD
Within one year	23,605,945	19,571,520
Over one year	199,741,634	179,479,549
	223,347,579	199,051,069

i) Islamic financing payables represent the following

- Outstanding Murabaha payable of KD182,362,837 represent obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 0.75% - 1% (31 December 2023: 0.75% - 1%) over CBK discount rate and repayable in different unequal instalments ending on 15 April 2030.
- Outstanding Wakala payable of KD2,000,000 obtained in Kuwaiti Dinar from local Islamic banks, carry an annual profit rate of 1%-1.5% (31 December 2023: 2%) over CBK discount rate and repayable on quarterly instalments ending on 7 June 2028.

iii) Term loans to represent the following:

- Outstanding term loans of KD12,986,520 obtained in AED and USD from a foreign bank, carrying an annual interest rate of 3% - 3.5% (31 December 2023: 3% - 3.5%) over SOFR and EIBOR and repayable in various semi-annual instalments ending on 15 November 2030.
- Outstanding term loan in AED equivalent to KD25,087,086 from a foreign bank, carrying an annual interest rate of 1.5% - 2.0% (31 December 2023: 2.5%) over EIBOR and repayable in various semi-annual instalments ending on 30 June 2030.
- Outstanding term loans of KD911,136 from the local banks, carry an annual interest rate of 1% - 1.5% over CBK discount rate and repayable in different unequal instalments ending on 30 June 2030.

Borrowings are secured by pledge of Group's certain financial assets at FVTOCI and investment properties (notes 15 and 17).

22 Share capital and share premium

At 31 December 2024, the authorized, issued and fully paid up share capital of the Parent Company comprised of 1,004,206,962 shares of 100 fils each (31 December 2023: 947,365,059 shares of 100 fils each). All shares are cash shares.

During the year, the Parent Company's share capital was increased by 56,841,903 shares through issue of new shares which represents the bonus shares to the shareholders as approved by the Annual General Assembly of the shareholders (note 28). The capital increase was approved by the relevant authorities and registered in the commercial register on 23 June 2024.

The share premium is non-distributable.

Notes to the consolidated financial statements (continued)

23 Treasury shares

	31 Dec 2024 KD	31 Dec 2023 KD
Number of treasury shares	29,517,327	29,234,070
Percentage of ownership (%)	2.94%	3.08%
Market value (KD)	7,467,884	5,934,516
Cost (KD)	7,135,682	5,171,096

Reserves of the Parent Company equivalent to the cost of the treasury shares held are not available for distribution.

24 Statutory and voluntary reserves

Statutory reserve

In accordance with the Companies Law and the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company (before contributions to KFAS, NLST, Zakat and directors' remuneration) is required to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

Voluntary reserve

In accordance with the Parent Company's Memorandum of Incorporation and Articles of Association, 10% of the profit for the year attributable to the shareholders of the Parent Company (before contributions to KFAS, NLST, Zakat and directors' remuneration) should be transferred to voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in a year in which the Parent Company has incurred a loss or where accumulated losses exist.

The movement in the statutory and voluntary reserves is as follows:

	Statutory reserve KD	Voluntary reserve KD	Total KD
Balances at 1 January 2024	19,518,837	7,362,682	26,881,519
Transfer from retained earnings during the year	1,421,897	1,421,897	2,843,794
Balances at 31 December 2024	20,940,734	8,784,579	29,725,313
Balance at 1 January 2023	18,320,771	6,164,616	24,485,387
Transfer from retained earnings during the year	1,198,066	1,198,066	2,396,132
Balance at 31 December 2023	19,518,837	7,362,682	26,881,519

Notes to the consolidated financial statements (continued)

25 Other components of equity

Movement in other components of equity is as follows:

	Treasury shares reserve KD	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2024	7,236,573	(13,844)	(5,424,350)	1,798,379
Gain on sale of treasury shares	2,334,476	-	-	2,334,476
Gain on sale of financial assets at FVTOCI	-	-	(1,333,856)	(1,333,856)
Other comprehensive income:				
Net change in fair value of financial assets at FVTOCI	-	-	23,241,479	23,241,479
Share of other comprehensive income of as-sociates	-	-	(755,332)	(755,332)
Exchange differences arising on translation of foreign operations	-	378,624	-	378,624
Balances at 31 December 2024	9,571,049	364,780	15,727,941	25,663,770
Balances at 1 January 2023	6,092,275	(29,648)	(25,209,799)	(19,147,172)
Bonus shares distribution (note 28)	(177,702)	-	-	(177,702)
Gain on sale of treasury shares	1,322,000	-	-	1,322,000
Loss on sale of financial assets at FVTOCI	-	-	6,474,906	6,474,906
Other comprehensive income:				
Net change in fair value of financial assets at FVTOCI	-	-	12,469,137	12,469,137
Share of other comprehensive income of as-sociates	-	-	841,406	841,406
Exchange differences arising on translation of foreign operations	-	15,804	-	15,804
Balances at 31 December 2023	7,236,573	(13,844)	(5,424,350)	1,798,379

Notes to the consolidated financial statements (continued)

26 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Borrowings KD	Lease liabilities KD	Due to bank KD	Total KD
At 1 January 2024	199,051,069	7,860,289	3,561,368	210,472,726
Cash flows:				
• Repayment	(29,614,386)	(7,860,289)	(27,016,428)	(64,491,103)
• Proceeds	53,860,028	8,232,000	28,636,485	90,728,513
Non-cash transactions:				
• Charged during the year	-	371,711	-	371,711
• Foreign currency adjustments	50,868	-	-	50,868
At 31 December 2024	223,347,579	8,603,711	5,181,425	237,132,715
At 1 January 2023	180,264,916	15,643,979	3,093,100	199,001,995
Cash flows:				
• Repayment	(30,254,515)	(8,232,000)	(78,623,178)	(117,109,693)
• Proceeds	48,971,200	-	79,091,446	128,062,646
Non-cash transactions:				
• Charged during the year	-	448,310	-	448,310
• Foreign currency adjustments	69,468	-	-	69,468
At 31 December 2023	199,051,069	7,860,289	3,561,368	210,472,726

Notes to the consolidated financial statements (continued)

27 Related party transactions and balances

Related parties represent associates, directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company management.

Details of significant related party transactions and balances are as follows:

	31 Dec 2024 KD	31 Dec 2023 KD
Amounts included in the consolidated financial position:		
Due from related parties	14,524,805	16,312,323
Due to related parties	5,671,846	5,714,560
Due on sale of investment properties	16,979	22,795

During 2023, the Group entered into an agreement with a related party for sale of 49% of one of its wholly owned subsidiary for a total consideration of KD1,405,000 resulting into a gain of KD77,576 which has been recognised directly in equity.

Financial assets at fair value through other comprehensive income amounting to KD2,945,458 (2023: KD2,068,634) and financial assets at fair value through profit or loss amounting to KD1,011,644 (31 December 2023: KD361,865) are managed by a related party.

	Year ended 31 Dec 2024 KD	Year ended 31 Dec 2023 KD
Transactions included in the consolidated statement of profit or loss:		
Real estate rental income	3,333,430	2,847,617
Real estate operating expenses	653,542	947,437
General and administrative expenses	393,968	393,968
Loss on disposal of associates	-	(120,000)
Finance costs	-	59,748
Management fees	-	550,510
Key management transactions:		
Gain on sale of investment properties	-	279,713
Key management compensation:		
Salaries and short-term benefits	307,348	307,056
End of service benefits	11,657	11,657
Board of Directors' remuneration	60,000	60,000

Notes to the consolidated financial statements (continued)

28 Proposed dividends and annual general assembly

Subsequent to the date of the consolidated statement of financial position, the board of directors have proposed to distribute bonus shares of 6% for the year ended 31 December 2024. The directors also propose remuneration to the board of directors of KD60,000. These proposals are subject to the approval of the general assembly and the regulatory authorities.

The Annual General Assembly of the shareholders of the Parent Company held on 1 June 2024 approved the consolidated financial statements for the year ended 31 December 2023 and the board of directors' proposal to distribute cash dividends of 4 Fils (2022: 3 Fils) per share and issue 6% (2022: 3%) bonus shares for the shareholders of the Parent Company for the year ended 31 December 2023. Furthermore, the General Assembly approved the board of directors' proposal to distribute directors' remuneration of KD60,000 for the year then ended (2022: KD40,000).

The Extraordinary General Assembly of the shareholders of the Parent Company held on 9 June 2024 approved to increase the authorized, issued and paid up share capital of the Parent Company from KD94,736,506 to KD100,420,696 by issuing 6% bonus shares.

29 Segmental analysis

The Group operates its activity in real estate and investment segments. The segmental analysis of total income and profit/(loss) for the activities are as follows:

	Real estate KD	Investment KD	Services KD	Unallocated KD	Total KD
31 December 2024:					
Income	33,134,947	757,036	1,424,888	490,096	33,370,980
Profit/(loss) for the year	20,244,807	757,036	(1,011,099)	(4,505,627)	15,485,117
Total assets	344,104,907	112,590,936	4,025,330	191,034	460,912,207
Total liabilities	236,736,102	21,928,048	5,696,749	1,171,379	265,532,278
Net assets	107,368,805	90,662,888	(1,671,419)	(980,345)	195,379,929
31 December 2023:					
Income	26,098,735	1,371,107	(761,777)	478,645	27,861,334
Profit/(loss) for the year	15,444,199	1,371,107	(1,072,820)	(3,483,735)	12,258,751
Total assets	312,855,776	76,693,250	3,751,904	100,430	393,401,360
Total liabilities	212,478,230	18,535,476	3,709,058	1,002,617	235,725,381
Net assets	100,377,546	58,157,774	42,846	(902,187)	157,675,979

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: e.g. market risk, credit risk and liquidity risk.

The board of directors' policies for reducing each of the risks are discussed below.

The Group does not use derivative financial instruments based on future speculations.

The most significant financial risks to which the Group is exposed to are described below.

30.1 Market risk

(a) Foreign currency risk

The Group mainly operates in the GCC, other Middle Eastern countries, Europe and USA, and thus is exposed to foreign currency risk arising from various foreign currency exposures. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities and net investments in foreign operations.

To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows.

The Group had the following significant exposures denominated in foreign currencies, and translated into Kuwaiti Dinar with the closing rates at the end of the year:

	31 Dec 2024 KD	31 Dec 2023 KD
USD	44,048,117	38,713,632
Euro	961,223	1,263,833
GBP	7,575,860	7,773,584
AED	78,850,402	39,260,375

The following table details the Group's sensitivity to a 2% (2023: 2%) increase and decrease in the KD against above foreign currencies. The sensitivity analysis includes only outstanding foreign currencies denominated monetary assets and liabilities and adjusts their translation at the yearend for a 2% change in foreign currency rates. A positive number below indicates an increase in profit and equity and a negative number indicates decrease in profit and equity. All other variables are held constant. There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

	31 Dec 2024 KD	31 Dec 2023 KD
Results for the year	2,035,444	1,086,188
Equity	590,052	654,041

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk with respect to borrowing and due to banks.

The following table illustrates the sensitivity of the results for the year to a reasonably possible change in interest rates of +100 bps (1%) and –100 bps (1%) (2023: +100 bps (1%) and –100bps (1%)) with effect from the beginning of the year. The calculations are based on the Group's financial instruments held at each financial position date. All other variables are held constant. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

	31 Dec. 2024		31 Dec. 2023	
	+ 1 %	-1 %	+ 1 %	-1 %
	KD	KD	KD	KD
Results for the year	(2,285,290)	2,285,290	(2,026,124)	2,026,124

(c) Price risk

The Group is exposed to equity price risk with respect to its equity investments and debt instruments. These financial assets are classified either at fair value through profit or loss or at fair value through other comprehensive income.

To manage its price risk arising from investments in securities and debt instruments, the Group diversifies its investment portfolios. Diversification of the portfolio is done in accordance with the limits set by the Group.

The below table shows the sensitivity analysis for the Group with regard to its investment in securities and debt instruments, and it is determined based on possible price risks at the consolidated financial statements date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.

If prices of financial securities had been 5% (2023: 5%) higher, the effect on the result for the year and equity would have been as follows.

	Result for the year		Equity	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
	KD	KD	KD	KD
Financial assets at fair value through profit or loss	891,919	547,924	-	-
Financial assets at FVTOCI	-	-	4,153,680	2,639,279
	891,919	547,924	4,153,680	2,639,279

If prices of financial securities had been 5% (2023: 5%) lower, the effect on the results for the year and equity would have been equally the reverse as disclosed above.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group credit policy regarding exposure to credit risk requires monitoring these risks on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of clients in specific locations or businesses through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the consolidated financial position date, as summarized below:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Financial assets at fair value through other comprehensive income	18,707,233	2,068,634
Financial assets at fair value through profit or loss	1,011,644	361,865
Due from related parties	14,524,805	16,312,323
Accounts receivable and other assets	12,257,006	16,435,109
Cash and cash equivalents	12,356,006	6,168,176
	58,856,694	41,346,107

The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances is considered negligible, since the counterparties are financial institution with high credit quality, except for restricted bank balances amount of KD41,885 (31 December 2023: KD42,526) located in Lebanon. Most of the global credit rating agencies significantly lowered the ratings of Lebanon as well the banker of the subsidiary because of the consequences of the economic and political events prevailing in Lebanon.

Information on other significant concentrations of credit risk is set out in note 30.4.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, the Group's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligations.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The liquidity profile of financial liabilities is as follows:

	Within 3 months KD	3 - 12 months KD	Over 1 year KD	Total KD
31 December 2024				
Liabilities				
Borrowings	-	23,605,945	199,741,634	223,347,579
Lease liabilities	-	8,232,000	-	8,232,000
Provision for employees' end of services benefits	-	-	1,171,381	1,171,381
Due to related parties	-	5,671,846	-	5,671,846
Accounts payable and other liabilities	-	21,928,048	-	21,928,048
Due to banks	5,181,424	-	-	5,181,424
	5,181,424	59,437,839	220,073,009	265,532,278

31 December 2023

Liabilities				
Borrowings	-	19,571,520	179,479,549	199,051,069
Lease liabilities	-	7,860,289	-	7,860,289
Provision for employees' end of services benefits	-	-	1,002,627	1,002,627
Due to related parties	-	5,714,560	-	5,714,560
Accounts payable and other liabilities	-	18,535,468	-	18,535,468
Due to banks	3,561,368	-	-	3,561,368
	3,561,368	51,681,837	180,482,176	235,725,381

The table below summarises the maturity profile of the Group's assets and liabilities. Except for financial assets at fair value through other comprehensive income and investment properties, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date. The maturity profile for financial assets at fair value through other comprehensive income and investment properties is determined based on management's planned exit dates.

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk (continued)

The maturity profile of assets and liabilities are as follows:

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2024			
Assets			
Property and equipment	-	2,898,014	2,898,014
Investment properties	-	261,302,456	261,302,456
Capital work in progress	1,951,102	-	1,951,102
Properties under development	-	2,835,820	2,835,820
Financial assets at FVTOCI	-	83,073,600	83,073,600
Investment in associates	-	11,678,960	11,678,960
Trading properties	37,182,589	-	37,182,589
Due from related parties	14,524,805	-	14,524,805
Accounts receivable and other assets	15,270,478	-	15,270,478
Financial assets at fair value through profit and loss	17,838,377	-	17,838,377
Cash and cash equivalents	12,356,006	-	12,356,006
	99,123,357	141,715,832	460,912,207
Liabilities			
Borrowings	23,605,945	199,741,634	223,347,579
Lease liabilities	8,232,000	-	8,232,000
Provision for employees' end of service benefits	-	1,171,390	1,171,390
Due to related parties	5,671,846	-	5,671,846
Accounts payable and other liabilities	21,928,048	-	21,928,048
Due to bank	5,181,424	-	5,181,424
	64,619,263	200,913,024	265,532,287
Net liquidity gap	34,504,094	160,875,826	195,379,920

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.3 Liquidity risk (continued)

	Within 1 year KD	Over 1 year KD	Total KD
31 December 2023			
Assets			
Property and equipment	-	2,407,119	2,407,119
Investment properties	-	253,631,531	253,631,531
Capital work in progress	53,180	-	53,180
Properties under development	-	7,867,584	7,867,584
Financial assets at FVTOCI	-	52,785,580	52,785,580
Investment in associates	-	12,949,186	12,949,186
Trading properties	8,163,775	-	8,163,775
Due from related parties	16,312,323	-	16,312,323
Accounts receivable and other assets	21,271,266	833,154	22,104,420
Financial assets at fair value through profit and loss	10,958,486	-	10,958,486
Cash and cash equivalents	6,168,176	-	6,168,176
	62,927,206	330,474,154	393,401,360
Liabilities			
Borrowings	19,571,520	179,479,549	199,051,069
Lease liabilities	7,860,289	-	7,860,289
Provision for employees' end of service benefits	-	1,002,627	1,002,627
Due to related parties	5,714,560	-	5,714,560
Accounts payable and other liabilities	18,535,468	-	18,535,468
Due to bank	3,561,368	-	3,561,368
	55,243,205	180,482,176	235,725,381
Net liquidity gap	7,684,001	149,991,978	157,675,979

Notes to the consolidated financial statements (continued)

30 Risk management objectives and policies (continued)

30.4 Geographical Concentration

The distribution of the financial assets according to their geographical area are as follows:

	Kuwait KD	Other Middle Eastern Countries KD	USA, Europe and other countries KD	Total KD
31 December 2024				
Financial assets at FVTOCI	53,035,118	-	30,038,482	83,073,600
Due from related parties	12,200,008	2,324,797	-	14,524,805
Accounts receivable and other assets	14,476,598	-	793,880	15,270,478
Financial assets at fair value through profit or loss	10,548,488	-	7,289,889	17,838,377
Cash and cash equivalents	10,523,070	1,642,209	190,727	12,356,006
	100,783,282	3,967,006	38,312,978	143,063,266

31 December 2023

Financial assets at fair value through other comprehensive income	20,083,554	-	32,702,026	52,785,580
Due from related parties	16,312,323	-	-	16,312,323
Accounts receivable and other assets	21,164,934	-	939,486	22,104,420
Financial assets at fair value through profit or loss	2,979,244	-	7,979,242	10,958,486
Cash and cash equivalents	4,820,154	852,451	495,571	6,168,176
	65,360,209	852,451	42,116,325	108,328,985

31 Fair value measurement

31.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	31 Dec 2024 KD	31 Dec 2023 KD
Financial assets:		
<i>At amortised cost:</i>		
Due from related parties	14,524,805	16,312,323
Accounts receivable and other assets	12,257,006	16,435,109
Cash and cash equivalents	12,356,006	6,168,176
<i>At fair value:</i>		
Financial assets at fair value through profit or loss	17,838,377	10,958,486
Financial assets at fair value through other comprehensive income	83,073,600	52,785,580
	140,049,794	102,659,674
Financial liabilities:		
<i>Financial liabilities at amortised cost</i>		
Borrowings	223,347,579	199,051,069
Lease liabilities	8,232,000	7,860,289
Provision for employees' end of service benefits	1,171,381	1,002,627
Due to related parties	5,671,846	5,714,560
Accounts payable and other liabilities	21,928,048	18,535,468
Due to bank	5,181,424	3,561,368
	265,532,278	235,725,381

Management considers that the carrying amounts of loans and receivable and all financial liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement of financial instruments (continued)

The financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2024

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets				
<i>Financial assets at fair value through profit or loss:</i>				
Local quoted securities	1,089,204	-	-	1,089,204
Local unquoted securities	-	-	91,517	91,517
Foreign quoted securities	5,978	-	-	5,978
Foreign unquoted securities	-	-	16,640,651	16,640,651
Managed funds	-	11,027	-	11,027
<i>Financial assets at fair value through other comprehensive income:</i>				
Local quoted securities	53,527,962	-	-	53,527,962
Local unquoted securities	-	-	4,838,709	4,838,709
Foreign unquoted securities	-	-	11,989,640	11,989,640
Debt instruments	-	-	6,502,661	6,502,661
Managed funds	-	6,214,628	-	6,214,628
	54,623,144	6,225,655	40,063,178	100,911,977

31 December 2023

Financial assets

Financial assets at fair value through profit or loss:

Local quoted securities	411,335	-	-	411,335
Local unquoted securities	-	-	81,888	81,888
Foreign quoted securities	3,780	-	-	3,780
Foreign unquoted securities	-	-	10,450,519	10,450,519
Managed funds	-	10,964	-	10,964

Financial assets at fair value through other comprehensive income:

Local quoted securities	21,886,362	-	-	21,886,362
Local unquoted securities	-	-	3,680,116	3,680,116
Foreign unquoted securities	-	-	13,927,977	13,927,977
Debt instruments	-	-	6,437,549	6,437,549
Managed funds	-	6,853,576	-	6,853,576
	22,301,477	6,864,540	34,578,049	63,744,066

There have been no transfers between levels during the reporting period.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.2 Fair value measurement of financial instruments (continued)

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged.

a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1) and if the market for an investment is not active, the Group has established fair value by using valuation techniques.

b) Unquoted securities

The consolidated financial statements include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or observable market prices or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

c) Debt securities

The consolidated financial statements include holdings in unlisted debt securities which are measured at fair value. Fair value of such investments have been determined by reference to their observable prices, other than quoted, at the reporting date.

d) Investment in managed funds

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Level 3 fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Opening balance	34,578,049	30,386,215
Additions	8,026,878	6,716,488
Disposals	(503,486)	-
Change in fair value	(2,038,263)	(2,524,654)
Closing balance	40,063,178	34,578,049

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

The investment managers and Group's finance team in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. In determining fair value, techniques such as recent transactions prices and adjusted net book value have been used.

The impact on consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.3 Fair value measurement of non-financial assets

The Group's non-financial assets measured at fair value consist of investment properties and properties under development (the "properties"), buildings and lands. These properties are categorised as level 3 under the fair value hierarchy on a recurring basis at 31 December 2024 and 31 December 2023.

The fair value of the properties has been determined based on appraisals performed by independent, professionally qualified property valuers (two appraisals for local properties, of which one from a local bank, and one appraisal for foreign properties). The significant inputs and assumptions are developed in close consultation with management.

As of 31 December 2024 and 31 December 2023, for the valuation purpose, the Group has selected the lower value of the two valuations obtained for each local property.

Buildings

The fair values of the buildings that have been determined based on the fair value provided by independent and accredited valuers who have valued the buildings using income approach which capitalises the monthly estimated rental income stream, net of projected operating costs using a discount rate derived from the market yields. When actual rent differs materially from estimated rents, adjustments have been made to the estimated rental value. When using the estimated rental stream approach, adjustments to actual rental are incorporated for factors such as current occupancy levels, the terms of in-place leases, expectations for rentals from future leases and unlicensed rented areas.

Lands

The fair values of the lands that have been determined based on fair values provided by an independent and accredited valuers who has valued the lands using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

Further information regarding the level 3 fair value measurements is set out in the table below:

Description	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings				
Buildings in Kuwait and UAE	Estimated rental stream approach	Monthly economic rental value	KD146 to KD19,749 (2023: KD152 to KD3,000)	Fair value increases if economic rental value increases, and vice versa.
Land				
Lands in Kuwait, and other GCC countries	Market comparison approach	Estimated market price (per sq ft.)	KD3 to KD215 (2023: KD3 to KD252)	Higher the price per square meter, higher the fair value

Notes to the consolidated financial statements (continued)

31 Fair value measurement (continued)

31.3 Fair value measurement of non-financial assets (continued)

Lands (continued)

The Group measurement of properties classified in level 3 uses valuation techniques inputs that are not based on observable market data. The properties within this level can be reconciled from beginning to ending balances as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
At 1 January	261,499,115	266,934,801
Additions	5,796,859	9,986,117
Arising from acquisition of subsidiary	-	4,961,551
Transferred from properties under development	7,867,584	-
Transferred to trading properties	(20,556,527)	-
Disposals during the year	-	(13,941,815)
Changes in fair value	9,531,245	(6,441,539)
At 31 December	264,138,276	261,499,115

32 Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and other variables including risks related to the Group assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of the following:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Borrowings (note 21)	223,347,579	199,051,069
Due to banks (note 18)	5,181,424	3,561,368
Lease liabilities (note 20)	8,232,000	7,860,289
Less:		
Cash and cash equivalents (note 10)	(12,356,006)	(6,168,176)
Net debt	224,404,997	204,304,550
Equity	195,379,929	157,675,979
Net debt to equity ratio	115%	130%

Notes to the consolidated financial statements (continued)

33 Contingent liabilities and commitments

Contingent liabilities represent letters of guarantee and capital commitments at the consolidated financial position date are as follows:

	31 Dec. 2024 KD	31 Dec. 2023 KD
Issued letters of guarantee	11,219,528	10,964,278
Capital commitments	9,192,646	6,924,895
	20,412,174	17,889,173

34 Operating leases

Operating leases, in which the Group is the lessor, relate to investment properties owned or leased by the Group as well as held under head-lease arrangements. The terms of operating leases range between 1-5 years with one-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the end of lease term.

35 Legal case

During the years prior to the Group's acquisition of one of its subsidiaries, the subsidiary had filed lawsuits against nine of its former board of directors ("defendants") for compensation of KD24,812,190.

On 23 March 2023, the Court of Appeals ruled in favour of the subsidiary to oblige these members to pay final compensation with a total amount of KD24,812,190 against this lawsuit.

One of the defendants had appealed to the Court of Appeal and a consultation session was scheduled on 13 August 2023.

On 10 April 2023, the Court of Appeals issued an order to postpone the execution of the decree in the urgent matter until a decision is finalized regarding the appeal.

On 26 March 2024, the Court of Cassation ruled to temporarily suspend the enforcement of the appeal ruling in favor of the defendants until the cassation decision is decided. The financial impact of this judgment depends on final decision of the court of cassation.

36 Comparative amounts

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.



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